

**SONOMA COUNTY JUNIOR  
COLLEGE DISTRICT  
MEASURE H BOND FUND**

**SANTA ROSA, CALIFORNIA**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORTS**

**YEAR ENDED JUNE 30, 2023**

**SONOMA COUNTY JUNIOR COLLEGE DISTRICT  
MEASURE H BOND FUND**

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JUNE 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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

### *Opinion*

We have audited the accompanying financial statements of the Measure H Bond Fund (the Bond Fund) of the Sonoma County Junior College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure H Bond Fund of the District, as of June 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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 opinion.

### *Emphasis of Matter*

As discussed in Note 1, the financial statements present only the Bond Fund and do not purport to, and do not present fairly the financial position of the District as of June 30, 2023, or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

### *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 opinion. 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 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.

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.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**GILBERT CPAs**  
**Sacramento, California**

**December 7, 2023**

## **FINANCIAL STATEMENTS**

**SONOMA COUNTY JUNIOR COLLEGE DISTRICT  
MEASURE H BOND FUND**

**BALANCE SHEET  
JUNE 30, 2023**

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**ASSETS:**

Current assets:

Restricted cash and cash equivalents	\$ 96,240,646
Due from other funds	2,521,348
Accounts receivable	1,201,376
Prepaid expenses	<u>361,061</u>

**TOTAL ASSETS** \$ 100,324,431

**LIABILITIES AND FUND BALANCE:**

Accounts payable	\$ 12,542,372
Due to other funds	<u>3,156</u>

**TOTAL LIABILITIES** 12,545,528

**FUND BALANCE:**

Restricted fund balance	<u>87,778,903</u>
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**TOTAL LIABILITIES AND FUND BALANCE** \$ 100,324,431

**SONOMA COUNTY JUNIOR COLLEGE DISTRICT  
MEASURE H BOND FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
YEAR ENDED JUNE 30, 2023**

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**REVENUES:**

Interest and investment income	\$ 1,471,793
Misc local revenue	<u>1,256</u>
Total revenues	<u>1,473,049</u>

**EXPENDITURES:**

Classified salaries	802,912
Employee benefits	317,392
Supplies and materials	29,700
Other operating expenses and services	4,269,355
Capital outlay	<u>53,415,066</u>
Total expenditures	<u>58,834,425</u>

**OTHER FINANCING SOURCES:**

Proceeds from issuance of bonds	<u>105,000,000</u>
Change in fund balance	47,638,624
Restricted fund balance - beginning	<u>40,140,279</u>
Restricted fund balance - ending	<u>\$ 87,778,903</u>

# SONOMA COUNTY JUNIOR COLLEGE DISTRICT MEASURE H BOND FUND

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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### 1. ORGANIZATION AND NATURE OF ACTIVITIES

The Sonoma County Junior College District (the District) was established in 1918 with the founding of Santa Rosa Junior College. The District operates a campus in the City of Santa Rosa, a campus in the City of Petaluma, a criminal justice training center in the Town of Windsor, an agricultural center in the Town of Forestville, and classes at numerous other locations throughout the District. These financial statements present only the Measure H General Obligation Bond Fund (the Bond Fund). These financial statements do not include financial data for the remainder of the District's Funds and component unit, which accounting principles generally accepted in the United States of America require to be presented with the financial statements of the District.

The Measure H bond authorization (Measure H) is a facilities improvement and equipment bond measure adopted by the District's Board of Trustees and passed by voters in November 2014. Measure H authorizes up to \$410,000,000 in bond issues. Through June 30, 2023, bonds totaling \$410,000,000 have been issued as follows:

- In November 2022, the District issued General Obligation Bonds, Series C, in the amount of \$105,000,000, with an interest rate of 3.00%-5.00%
- In October 2019, the District issued General Obligation Bonds, Series B, in the amount of \$180,000,000, with an interest rate of 2.88% - 4.00%.
- In December 2016, the District issued General Obligation Bonds, Series A, in the amount of \$125,000,000, with an interest rate of 3.00% - 5.00%.

The Sonoma County Board of Supervisors is empowered and obligated to levy property taxes, without limitation as to rate or amount (except for certain property which is taxable at limited rates), for payment of principal and interest on the bond. The District has established a separate capital project fund to account for the activities of the Measure H.

### 2. SUMMARY OF 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 (GASB) and *Audits of State and Local Governmental Units*, issued by the American Institute of Certified Public Accountants (AICPA).

**Basis of accounting** – Measurement focus indicates the type of resources being measured, while the basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The Bond Fund is a governmental fund, and has been presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available, and are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when the related liability is incurred.



**SONOMA COUNTY JUNIOR COLLEGE DISTRICT  
MEASURE H BOND FUND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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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.

**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 the categorical Fund which was 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 the purpose of the financial statements, 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 Sonoma County Treasury investment pool is considered cash equivalents.

**Restricted cash and cash equivalents** – Cash and cash equivalents that are externally restricted per contractual obligations are classified as current or non-current assets in the balance sheet based on anticipated use.

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

**Restricted fund balance** – Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Bond Fund in accordance with the project list for the Measure H General Obligation Bonds.

**Encumbrances** – Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30, 2023.

**3. RESTRICTED CASH AND CASH EQUIVALENTS**

The Bond Fund’s restricted cash and cash equivalents as of June 30, 2023 consist of the following:

Cash and cash equivalents in Sonoma County Treasury	\$ 93,936,816
Cash on hand	70,000
Cash held by trustee	<u>2,233,830</u>
Total cash and cash equivalents	<u>\$ 96,240,646</u>

# SONOMA COUNTY JUNIOR COLLEGE DISTRICT MEASURE H BOND FUND

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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### **Cash in County Treasury**

In accordance with Education Code Section 41001, the District maintains substantially all of the Measure H cash in the Sonoma County Treasury (the Treasury). The Treasury pools this Bond Fund with those of other districts in the county and invests the cash. The share of the fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to the Fund that is 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 Fund amounts by California Government Code Section 53648 et seq. and is restricted by Government Code Section 53635, pursuant to Section 53601. The Fund amounts maintained by the Treasury are either secured by federal depository insurance or is collateralized.

### **Investments Authorized by Debt Agreements**

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

### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates. As of June 30, 2023, the weighted average maturity of the investments contained in the District's Treasury's investment pool is approximately 539 days.

### **Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

### **Concentration of Credit Risk**

The investment policy contains no limitations on the amount that can be invested in any one issuer. The District had no investments that represented 5% or more of the total investments balance as of June 30, 2023.

**SONOMA COUNTY JUNIOR COLLEGE DISTRICT  
MEASURE H BOND FUND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**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, it is not subject to the fair value hierarchy.

**4. CONSTRUCTION COMMITMENTS**

The District's Bond Fund has construction commitments of approximately \$53,178,316 at June 30, 2023.

## **OTHER REPORT**

**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 Measure H Bond Fund (the Bond Fund) of the Sonoma County Junior College District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which comprise the Bond Fund’s basic financial statements and have issued our report thereon dated December 7, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bond Fund'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**

**December 7, 2023**