

**SONOMA COUNTY
JUNIOR COLLEGE DISTRICT
SANTA ROSA, CALIFORNIA
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2022**

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

TABLE OF CONTENTS YEAR ENDED JUNE 30, 2022

	<u>PAGE</u>
INTRODUCTION	
Organization	1
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	15
Statement of Revenues, Expenses, and Changes in Net Position	16
Statement of Cash Flows	17
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	20
Notes to the Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION SECTION	
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	47
Schedule of the District's Proportionate Share of the Net Pension Liability:	
CalSTRS Plan	48
CalPERS Plan	49
Schedule of the District's Pension Contributions:	
CalSTRS Plan	50
CalPERS Plan	51
SUPPLEMENTARY INFORMATION SECTION	
Schedule of Expenditures of Federal Awards	52
Schedule of State Financial Assistance	54
Schedule of Workload Measures for State General Apportionment	
Annual (Actual) Attendance	56
Reconciliation of ECS 84362 (50 Percent Law) Calculation	57
Reconciliation of Education Protection Account Expenditures to District Accounting Records	59
Reconciliation of Governmental Funds to Net Position	60
Notes to Supplementary Information	61

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

TABLE OF CONTENTS YEAR ENDED JUNE 30, 2022

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 <i>Government Auditing Standards</i>	63
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	65
Independent Auditor's Report on Compliance with Applicable Requirements in Accordance with the Contracted District Audit Manual	68

FINDINGS AND RECOMMENDATIONS SECTION

Schedule of Audit Findings and Questioned Costs	71
Status of Prior Year Findings and Recommendations	74

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

ORGANIZATION YEAR ENDED JUNE 30, 2022

DESCRIPTION OF DISTRICT

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

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Dorothy Battenfeld	President	2022
Caroline Banuelos	Vice President	2024
Mariana Martinez	Clerk	2024
Maggie Fishman	Member	2022
Jeff Kunde	Member	2022
W. Terry Lindley	Member	2024
Michael Valdovinos	Member	2022
Delashay Carmon Benson	Student Member	2023

ADMINISTRATION

Dr. Frank Chong	Superintendent/President
Dr. Jane Saldaña-Talley	Vice President of Academic Affairs/Assistant Superintendent
Kate Jolley	Vice President of Finance & Administrative Services
Gene Durand	Vice President of Human Resources
Dr. Pedro Avila	Vice President of Student Services/Assistant Superintendent

AUXILIARY ORGANIZATIONS IN GOOD STANDING

<u>Auxiliary Name</u>	<u>Establishment Date</u>	<u>Current Master Agreement Date</u>	<u>Auxiliary Director's Name</u>
Santa Rosa Junior College Foundation	August 25, 1969	June 15, 2021	J Mullineaux, 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, 2022, 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedules of the District's Proportionate Share of the Net Pension Liability, and the Schedules of the District's Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, 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**

December 1, 2022

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2022

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Sonoma County Junior College District for the year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section.

The Sonoma County Junior College District, familiarly called Santa Rosa Junior College (SRJC), is a public two-year community college, which serves approximately 29,400 students. The District has two campuses, located in Santa Rosa and Petaluma, California, two centers, a Public Safety Training Center located in Windsor, California, and the Robert Shone Agricultural Center located in Forestville, California, and a newly purchased site in the Roseland area. Students may choose from associate degree majors and certificate programs, complete courses toward the first two years of a bachelor's degree program, or pursue courses for other professional or personal reasons.

Reporting Highlights

- ❖ The annual report consists of three basic financial statements that provide information on SRJC as a whole: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The information provided on the statements that follow includes all funds but excludes the fiduciary fund that is reported separately. The following information is provided to assist with the understanding of the financial statements and the financial position of the District. Each statement is presented in a consolidated format as required by GASB and will be discussed separately.
- ❖ In 2020/21, the District implemented GASB Statement No. 84, Fiduciary Activities. The objective of this statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.
- ❖ In 2021/22, the District implemented GASB Statement No. 87, Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

District's Fiduciary Responsibility

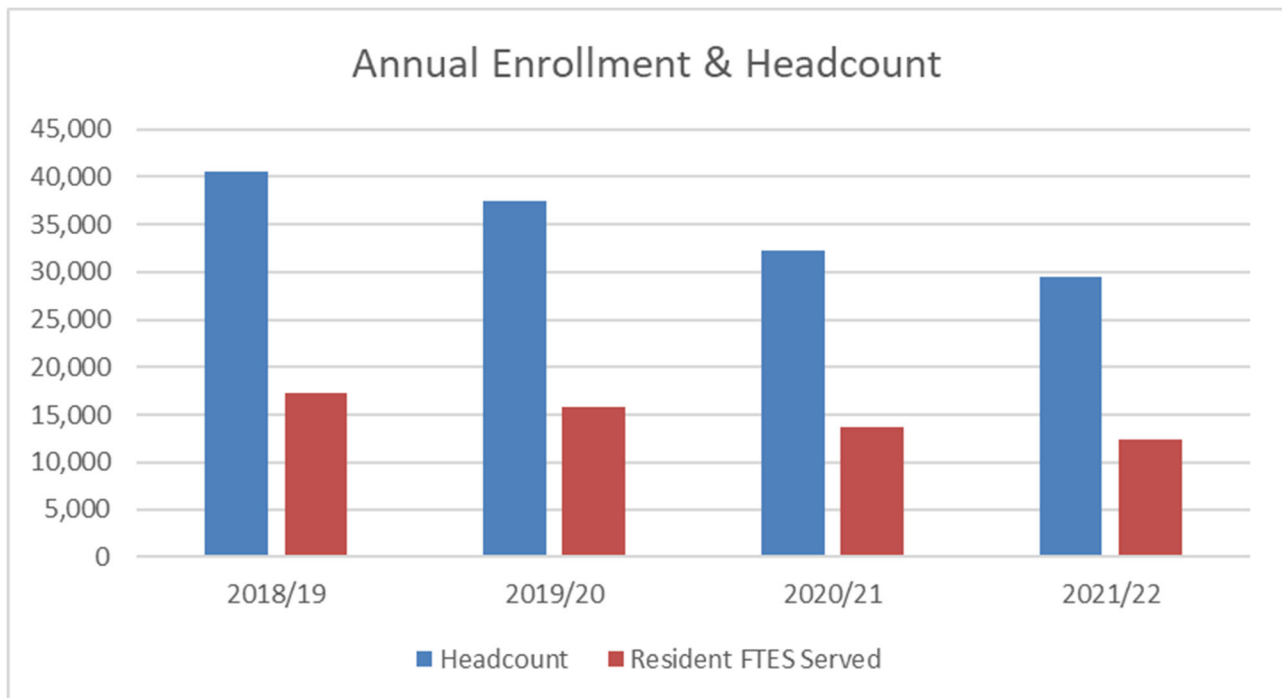
- ❖ The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs and donors for student loans and scholarships. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the District's other financial statements because we cannot use these assets to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.
- ❖ The District maintains fiduciary funds to account for assets held by the District as an agent on behalf of others. After implementation of GASB 84, the District's sole fiduciary fund is the Club and Trust accounts that are operated through Student Government Assembly.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2022

Attendance Highlights

- ❖ The District has had steadily declining enrollment since 2009/10. After unsuccessful attempts to increase Full Time Equivalent Students (FTES), the District had not rebounded to its previously funded levels and implemented a Long Range Plan to Fiscal Stability to constrict the size of the college to the size of its student population. Actual FTES served in 2018/19 was 17,291, a 20% decrease from the high of 21,684 FTES in 2008/09. When the COVID-19 worldwide pandemic hit in spring, 2020, FTES further declined in 2020/21 to 13,604 and 2021/22 to 12,454 FTES.
- ❖ The resident FTES in the following chart are actual resident FTES served at the district, which differs from funded FTES because of summer shifts, workload reductions, and the emergency conditions waiver from the October 2017 fires.



Financial Aid and Doyle Scholarships

For the years ended June 30, 2022 and 2021, the following sources of student financial aid were disbursed:

	2022	2021	Change
Federal	\$ 21,169,480	\$ 15,252,173	\$ 5,917,307
State	4,045,960	3,163,261	882,699
Scholarships	2,596,615	2,736,051	(139,436)
TOTAL	\$ 27,812,055	\$ 21,831,940	\$ 6,660,570

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2022

The Federal financial aid includes the Pell, SEOG, Federal Family Education Loans, National Service Trust, Higher Education Emergency Relief Fund grants, and Federal Work Study Programs. The State programs include Full Time Student Success Grants, Promise Grants, Emergency Relief Funds, and the Cal Grant Program. The Doyle scholarship funds are derived from the Frank P. Doyle and Polly O'Meara Doyle Trust. Just over fifty percent of the annual dividends generated from the common stock in Exchange Bank are distributed to the Doyle Trust, which then distributes the funds to SRJC for scholarships to support students attending Santa Rosa Junior College. In 2021/22, there were 2,658 scholarships disbursed.

Statement of Net Position

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

	<u>2022</u>	<u>2021</u>	<u>Change</u>
ASSETS			
Current assets	\$ 181,394,187	\$ 236,743,597	\$ (55,349,410)
Non-current assets	532,555,335	467,931,902	64,623,433
TOTAL ASSETS	<u>713,949,522</u>	<u>704,675,499</u>	<u>9,274,024</u>
DEFERRED OUTFLOW OF RESOURCES	<u>\$ 37,408,665</u>	<u>\$ 42,977,246</u>	<u>\$ (5,568,581)</u>
LIABILITIES			
Current liabilities	\$ 98,900,836	\$ 95,743,137	\$ 3,157,699
Non-current liabilities	453,589,914	549,850,007	(96,260,093)
TOTAL LIABILITIES	<u>552,490,750</u>	<u>645,593,144</u>	<u>(93,102,395)</u>
DEFERRED INFLOW OF RESOURCES	<u>57,887,022</u>	<u>13,786,004</u>	<u>44,101,018</u>
NET POSITION			
Invested in capital assets, net of related debt	229,105,148	191,145,047	37,960,101
Restricted	68,865,287	69,560,649	(695,362)
Unrestricted	<u>(156,990,020)</u>	<u>(172,432,099)</u>	<u>15,442,079</u>
TOTAL NET POSITION	<u>\$ 140,980,415</u>	<u>\$ 88,273,597</u>	<u>\$ 52,706,818</u>

Current assets at June 30, 2022 consist of:

- ❖ Current cash and cash equivalents, mainly held at the county treasury, total \$155.9 million.
- ❖ Restricted cash and cash equivalents which include cash in the Bond Funds (\$51.4 million) and General Obligation debt service fund held for current repayments of the bonds (\$56.6 million).

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2022

- ❖ Accounts receivables which include amounts due from grants, contracts, and general apportionment earned, but not received, by year-end. Accounts receivable decreased \$14.5 million over prior year, due mainly to the timing of payments from the state in the prior year from the apportionment deferral and the reimbursement from the state for the capital outlay projects.

Non-current assets consist of:

- ❖ Restricted cash and cash equivalents which consist of tax revenues collected by the county for payment of Measures A and H, General Obligation Bonds principal and interest in future years.
- ❖ Capital assets which are reported at historical cost of land, buildings, and equipment less accumulated depreciation, where applicable. The footnotes to the financial statements contain detailed information for capital assets.

Current liabilities consist of:

- ❖ Accounts payable which consist mainly of amounts due to vendors (\$21.1 million) and employees (\$1.8 million). Accounts payable increased by \$7.3 million from prior year, primarily due to a change in the timing of payments to vendors with the increase in construction and a current year payable for apportionment back to the state.
- ❖ The current portion of debt, including interest (\$4.97 million) and principle payments (\$32.1 million) for the bonds, the current portion of the early retirement incentive (\$1.6 million), and the current portion of compensated absences (\$2.9 million). Interest payable decreased by \$534 thousand and the current portion of bond payments increased by \$921 thousand over prior year. Detailed information regarding the District's debt can be found in the footnotes to the financial statements.
- ❖ Unearned revenue related to federal, state and local program funding that had been received but not yet earned as of the end of the fiscal year. Most grant funds are earned when expended (up to the grant amount awarded). Also included are deferred student fees for the Summer and Fall 2022 semesters (\$984 thousand). Unearned revenue increased by \$13.4 million over prior year from unexpended grant funds.

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

- ❖ the long-term debt related to Measures A and H General Obligation bonds (\$319.4 million);
- ❖ the net pension liability adjustment required by GASB 68 (\$91.0 million);
- ❖ the total other post-employment benefits liability adjustment required by GASB 75 (\$38.7 million);
- ❖ the long term portion of compensated absences (\$2.7 million); and
- ❖ future payments for the early retirement incentive (\$1.6 million).

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

Analysis of the District's Financial Position

Net Position is the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of liabilities, and is an indicator of the District's financial position. Net Position is reported in three components: Net Investment in Capital Assets, Restricted and Unrestricted. Net Investment in

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2022

Capital Assets (\$229.1 million) consists of capital assets net of accumulated depreciation, less outstanding capital debt net of unspent proceeds. The Restricted portion includes amounts legally restricted for payment of debt service (\$56.6 million), capital projects (\$11.0 million), health services (\$493 thousand) and student accounts (\$702 thousand). The Unrestricted portion (-\$157.0 million) represents resources with no external restrictions, but which may be designated by the Board of Trustees for contingencies and other special purposes.

Statement of Revenues, Expenses, and Changes in Net Position

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

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Total operating revenues	\$ 85,769,150	\$ 82,178,660	\$ 3,590,490
Total operating expenses	<u>205,805,737</u>	<u>214,637,403</u>	<u>(8,831,666)</u>
Operating income (loss)	(120,036,587)	(132,458,743)	12,422,156
Total non-operating revenues (expenses)	109,485,118	102,622,889	6,862,229
Loss before other revenues, expenses, gains or losses	(10,551,469)	(29,835,854)	19,284,385
Capital revenues	<u>63,258,287</u>	<u>50,582,783</u>	<u>12,675,504</u>
Decrease in Net Position	52,706,818	20,746,929	31,959,889
Net Position - Beginning of year	88,273,597	66,874,937	21,398,660
Cumulative Effect Change in Accounting Principle	<u>-</u>	<u>651,731</u>	<u>(651,731)</u>
Net Position - End of year	<u>\$ 140,980,415</u>	<u>\$ 88,273,597</u>	<u>\$ 52,706,818</u>

Changes in operating revenues:

- ❖ Net tuition and fees decreased to \$9.09 million. Enrollment fees are set by the state legislature for all community colleges, which was \$46 a unit in 2021/22.
- ❖ Auxiliary enterprise sales and charges are primarily Farm sales (\$1.78 million).

Changes in non-operating revenues:

- ❖ State apportionments represents total state general apportionment revenue earned less property taxes and enrollment fees. State apportionments represent \$7.9 million of the non-operating revenues, the Education Protection Account is \$38.9 million and property taxes are \$70.6 million. State apportionment decreased by \$3.4 million from prior year, property tax revenue increased by \$4.2 million, and Education Protection Act increased by \$7.5 million.

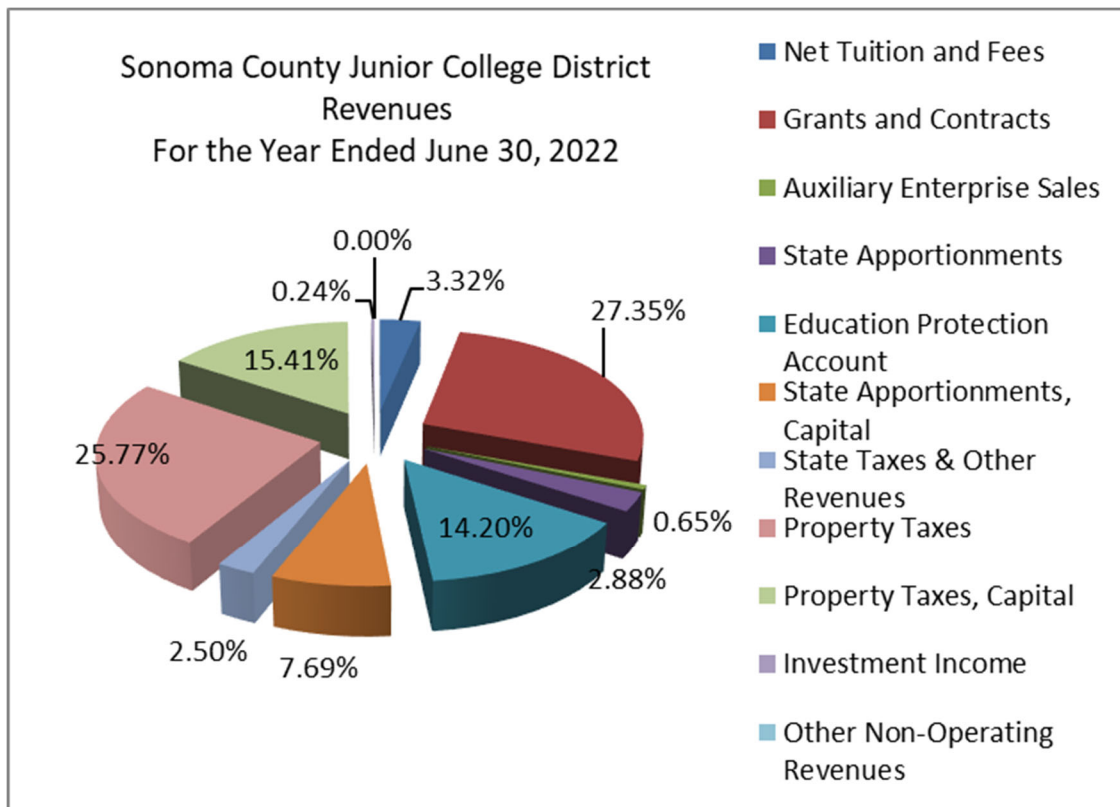
SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2022

- ❖ Investment income – non-capital includes a loss of \$5.53 million for adjusting cash and investments to fair market value as required by GASB 31.

Revenues

	<u>For the Year Ended June 30, 2022</u>
Net Tuition and Fees	\$ 9,088,059
Grants and Contracts	74,903,084
Auxiliary Enterprise Sales	1,778,006
State Apportionments	7,875,194
Education Protection Account	38,877,292
State Apportionments, Capital	21,050,079
State Taxes & Other Revenues	6,835,460
Property Taxes	70,562,068
Property Taxes, Capital	42,208,208
Investment Income	663,443
Other Non-Operating Revenues	<u>(907)</u>
Total Revenues	<u>\$ 273,839,987</u>



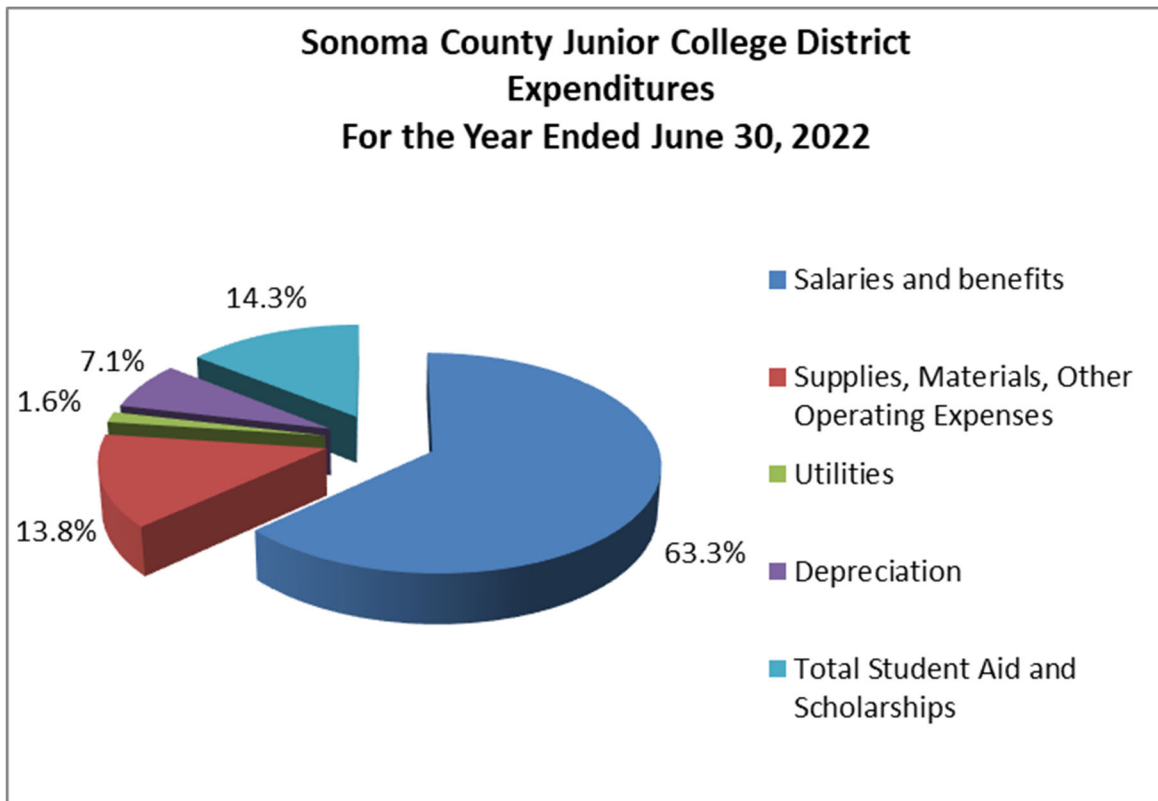
SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2022

Operating Expenses (by natural classification)

For the Year Ended June 30, 2022

Salaries	\$ 102,388,748
Employee Benefits	27,826,601
Supplies and Materials	11,073,871
Other Operating Expenses and Services	17,347,139
Utilities	3,230,931
Depreciation	14,562,858
Total Student Aid and Scholarships	<u>29,375,589</u>
 Total Operating Expenses	 \$ <u><u>205,805,737</u></u>

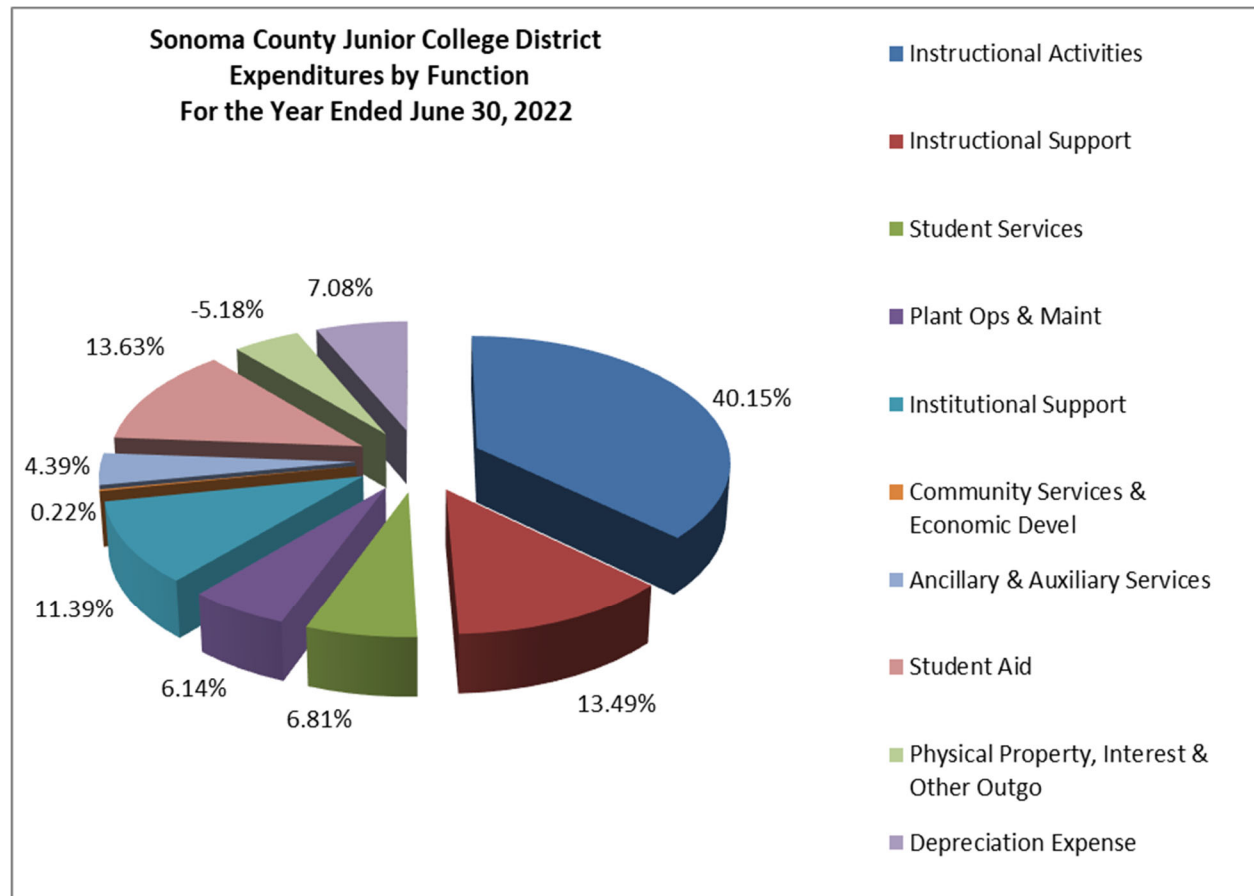


SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2022

Operating Expenses (by function)

	<u>For the Year Ended June 30, 2022</u>
Instructional Activities	\$ 82,622,500
Instructional Support	27,772,797
Student Services	14,009,862
Plant Ops & Maint	12,640,937
Institutional Support	23,451,422
Community Services & Economic Devel	460,233
Ancillary & Auxiliary Services	9,033,448
Student Aid	28,058,816
Physical Property, Interest & Other Outgo	(10,652,531)
Depreciation Expense	14,562,858
Bond Costs	3,845,396
	<hr/>
Total	\$ 205,805,737



SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2022

Statement of Cash Flows

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

	For the Years Ended June 30	
	2022	2021
Net Cash provided (Used) By:		
Operating activities	\$ (99,948,136)	\$ (106,577,455)
Non-capital financing activities	138,994,937	109,560,413
Capital and related financing activities	(75,948,456)	(33,694,181)
Investment activities	(5,331,919)	(1,416,619)
Net increase (decrease) in cash	(42,233,574)	(32,127,842)
Cash - Beginning of the fiscal year	208,849,315	240,301,492
Cumulative Effect Change in Accounting Principle	-	675,665
Cash - End of the fiscal year	<u>\$ 166,615,741</u>	<u>\$ 208,849,315</u>

- ❖ Net cash used for operating activities decreased by \$6.6 million from the prior year. This change was largely due to changes in payments to suppliers and employees.
- ❖ Net cash provided by noncapital financing activities are from state apportionments and property taxes and increased by \$29.4 million over prior year, mostly due to changes in timing of receipts.
- ❖ Capital and related financing activities include cash provided from local property taxes collected for debt service, state apportionment for capital purposes and interest on capital investments. Cash outflows relate to purchases of capital assets (\$81.2 million), principal and interest payments on capital debt (\$43.9 million) and payment of the Tax Revenue Anticipation Note (\$18.16 million). Cash inflows were comprised of state apportionments for capital purposes (\$24.5 million), property taxes (\$42.2 million), and interest in capital investments (\$0.6 million).

Capital Assets

- ❖ The \$251.7 million Measure A General Obligation Bond program, was completely expended in 2016/17. The District issued the 2002 General Obligation Bonds, Series A, in the amount of \$60 million on February 4, 2003 and the 2002 General Obligation Bonds, Series B, in the amount of \$105 million on October 13, 2005. The 2002 General Obligation Bonds, Series C in the amount of \$69.71 million were issued on September 17, 2007, and the 2002 General Obligation Bonds, Series D in the amount of \$16.99 million were issued on April 2, 2008. As of June 30, 2022, there was \$42.4 million outstanding and with the final payments to be made in 2029/30.
- ❖ In 2021/22, the eighth year of the \$410 million Measure H General Obligation Bond program, the District continued its major construction with the Lindley Center for STEM education, the renovation of the Athletic fields, the major Tauzer renovation and central plant and other sustainability projects. There were also numerous maintenance projects and technology and equipment purchases. The District had additions of \$81.6 million in capital assets for the year, of

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2022

which \$79.4 million were for construction costs and land improvements. Measure H was passed by the voters in November 2014 and the District issued the first series of the bonds for \$125 million in December 2016 and Series B for \$180 million in November 2019.

Economic Factors That May Affect the Future

- ❖ The Student Centered Funding Formula went into effect for the California Community College system in 2018/19. The new formula would have caused a decrease in funding for the District however, the District is operating under the emergency conditions waiver, and there are now multiple hold harmless provision in the funding formula that will protect the funding, however the District will need to address enrollment concerns to receive ongoing cost of living adjustments after 2024/25.
- ❖ In October 2017, a devastating firestorm ripped through Santa Rosa and thousands of structures were destroyed. Hundreds of District students and employees lost their homes. The District received an emergency conditions waiver which held its apportionment funding at pre-fire levels plus increases for COLA for 2017/18, 2018/19, and 2019/20. The District was granted extensions for 2020/21 through 2022/23, along with a partial extension into 2023/24. The District has been implementing its Long Range Plan to Fiscal Stability to ensure it is prepared for the future loss of revenue, however, have paused while the strategic enrollment management planning occurs in light of the 2022/23 hold harmless reform at the state level.
- ❖ As noted earlier, student attendance has been steadily declining since the fire and the COVID-19 worldwide pandemic in the spring of 2020 has continued to exacerbate the problem. The District has seen an uptick in student enrollments now that classes have returned onsite however, the District is still remarkably smaller than it was. To address this, student needs, and the financial implications, the District has started the creation of an Enrollment Management Plan.
- ❖ The District issued the third and final series of the Measure H bond program, on November 8, 2022. Series C, in the amount of \$95M, will cover the remainder of the bond program. Series C-1, in the amount of \$10 million, will cover the longer-term technology needs for the District for the next decade.
- ❖ The State's primary employee pension providers, CalPERS and CalSTRS, are significantly underfunded and the system has seen dramatic increases in employer contributions. From 2013/14 to 2022/23, the employer contribution for CalSTRS increased from 8.25% to 19.1%. CalPERS employer contributions have also increased in that same time period from 11.442% to 25.37%.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2022

	Primary Institution	Foundation
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 55,146,440	\$ 10,742,756
Restricted Cash and Cash Equivalents	97,338,594	
Cash with Trustee	1,798,072	
Deposits Held in Escrow	1,591,620	
Accounts Receivable	24,220,378	951,062
Pledges Receivable		738,062
Inventory	70,037	
Prepaid Expenses	1,229,046	48,327
Total Current Assets	<u>181,394,187</u>	<u>12,480,207</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	10,741,015	
Restricted Investments		63,960,701
Endowment Fund		982,157
Nondepreciable Capital Assets	149,221,996	
Depreciable Capital Assets, Net	372,592,324	
Total Noncurrent Assets	<u>532,555,335</u>	<u>64,942,858</u>
TOTAL ASSETS	<u>713,949,522</u>	<u>77,423,065</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Charge on Refunding	7,577,659	
Deferred Outflows of Resources Related to OPEB	6,042,517	
Deferred Outflows of Resources Related to Pensions	23,788,489	
Total Deferred Outflows of Resources	<u>37,408,665</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>751,358,187</u>	<u>77,423,065</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	30,963,101	546,602
Unearned Revenue	24,951,988	184,584
Interest Payable	4,972,438	
Liabilities Under Charitable Remainder Trusts		5,434
Amounts Held on Behalf of Others	1,384,717	1,369,197
Long-Term Liabilities Due Within One Year	36,628,592	
Total Current Liabilities	<u>98,900,836</u>	<u>2,105,817</u>
Noncurrent Liabilities:		
Total OPEB Liability	38,725,515	
Net Pension Liability	91,047,450	
Long-term Liabilities	323,816,949	
Total Noncurrent Liabilities	<u>453,589,914</u>	
TOTAL LIABILITIES	<u>552,490,750</u>	<u>2,105,817</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows of Resources Related to Charitable Remainder Trusts		2,607,690
Deferred Inflows of Resources Related to OPEB	3,311,285	
Deferred Inflows of Resources Related to Pensions	54,575,737	
Total Deferred Inflows of Resources	<u>57,887,022</u>	<u>2,607,690</u>
NET POSITION:		
Net Investment in Capital Assets	229,105,148	
Restricted for:		
Capital Projects	11,032,221	
Debt Service	56,637,753	
Other Special Purposes	1,195,313	
Restricted by Donors		69,901,210
Other (nonexpendable)		982,157
Unrestricted (Deficit)	<u>(156,990,020)</u>	<u>1,826,191</u>
TOTAL NET POSITION	<u>\$ 140,980,415</u>	<u>\$ 72,709,558</u>

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, 2022

	Primary Institution	Foundation
OPERATING REVENUES:		
Tuition and Fees (gross)	\$ 14,287,707	
Less: Scholarship Discounts and Allowances	(5,199,648)	
Net Tuition and Fees	9,088,059	
Grants, Contracts, and Donations, Noncapital:		
Federal	36,309,222	
State	32,158,317	
Local	6,435,546	
Contributions		\$ 8,925,816
Other		(35,439)
Auxiliary Enterprise Sales and Charges	1,778,006	
TOTAL OPERATING REVENUES	85,769,150	8,890,377
OPERATING EXPENSES:		
Academic Salaries	61,068,875	
Classified Salaries	41,319,873	
Employee Benefits	27,826,601	
Supplies and Materials	11,073,871	
Other Operating Expenses and Services	17,347,139	2,244,425
Utilities	3,230,931	
Depreciation/Amortization	14,562,858	
Student Financial Aid and Scholarships	29,375,589	4,264,623
TOTAL OPERATING EXPENSES	205,805,737	6,509,048
OPERATING GAIN (LOSS)	(120,036,587)	2,381,329
NON-OPERATING REVENUES (EXPENSES):		
State Apportionments, Noncapital	7,875,194	
Education Protection Account	38,877,292	
Local Property Taxes	70,562,068	
State Taxes and Other Revenues	6,835,460	
Investment Income (Loss) - Noncapital	(5,331,919)	(7,264,893)
Investment Income - Capital	663,443	
Interest Expense on Capital Asset-Related Debt	(9,995,513)	
Other Non-Operating Expenses	(907)	(1,338,562)
TOTAL NON-OPERATING REVENUES (EXPENSES)	109,485,118	(8,603,455)
LOSS BEFORE CAPITAL REVENUES:	(10,551,469)	(6,222,126)
State Apportionments, Capital	21,050,079	
Local Property Taxes and Revenues, Capital	42,208,208	
INCREASE (DECREASE) IN NET POSITION	52,706,818	(6,222,126)
NET POSITION - BEGINNING OF YEAR	88,273,597	78,931,684
NET POSITION -- END OF YEAR	\$ 140,980,415	\$ 72,709,558

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2022

	Primary Institution	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and Fees	\$ 9,069,043	
Federal Grants and Contracts	38,828,024	
State Grants and Contracts	44,721,206	
Local Grants and Contracts	6,686,655	
Contributions		\$ 7,348,328
Payments to Suppliers	(30,538,602)	
Payments to/on behalf of Employees	(139,672,174)	
Payments to/on behalf of Students	(28,987,993)	(4,264,623)
Auxiliary Enterprise Sales and Charges	1,465,983	
Other Receipts and Payments	(1,520,278)	(1,742,368)
Net Cash Provided (Used) by Operating Activities	<u>(99,948,136)</u>	<u>1,341,337</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State Apportionments and Receipts	68,244,688	
Property Taxes	70,562,068	
Student Organization Agency Receipts/Disbursements	188,181	
Interest on Noncapital Investments		1,152,020
Other Transfers		(1,338,562)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>138,994,937</u>	<u>(186,542)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
State Apportionments for Capital Purposes	24,549,667	
Purchases of Capital Assets	(81,236,543)	
Proceeds from Sales of Capital Assets	5,952	
Payment on Tax Revenue Anticipation Notes	(18,160,000)	
Principal Paid on Capital Debt	(31,315,000)	
Interest Paid on Capital Debt	(12,580,729)	
Principal Paid on Right-To-Use Lease Assets	(83,454)	
Interest on Capital Investments	663,443	
Local Property Taxes and Other Revenues for Capital Purposes	42,208,208	
Net Cash Used by Capital and Related Financing Activities	<u>(75,948,456)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments		(53,493,023)
Sales and Maturities of Investments		51,712,270
Gain on Pooled Cash and Cash Equivalents	(5,331,919)	
Net Cash Used by Investing Activities	<u>(5,331,919)</u>	<u>(1,780,753)</u>
NET DECREASE IN CASH AND EQUIVALENTS	(42,233,574)	(625,958)
CASH AND EQUIVALENTS -- BEGINNING OF YEAR	<u>208,849,315</u>	<u>11,368,714</u>
CASH AND EQUIVALENTS -- END OF YEAR	<u><u>\$ 166,615,741</u></u>	<u><u>\$ 10,742,756</u></u>

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, 2022

	Primary Institution	Foundation
Reconciliation to Balance Sheet:		
Cash and Cash Equivalents	\$ 55,146,440	\$ 10,742,756
Restricted Cash and Cash Equivalents - Current	97,338,594	
Cash with Trustee	1,798,072	
Deposits Held in Escrow	1,591,620	
Restricted Cash and Cash Equivalents - Noncurrent	10,741,015	
Total Cash and Cash Equivalents	<u>\$ 166,615,741</u>	<u>\$ 10,742,756</u>
RECONCILIATION OF NET OPERATING GAIN (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Gain (Loss)	\$ (120,036,587)	\$ 2,381,329
Donated Investments		(413,116)
Adjustments to Reconcile Operating Gain (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation/Amortization Expense	14,562,858	
Changes in:		
Accounts Receivable	1,977,341	(951,062)
Pledges Receivable		(589,885)
Prepaid Expenses		(48,327)
Inventories, Prepaids, and Other Assets	952,829	
Endowment Fund		201,991
Deferred Outflows Related to Pensions	5,853,688	
Deferred Outflows Related to OPEB	(1,227,591)	
Accounts Payable	1,569,333	456,253
Unearned Revenue	13,476,148	174,584
Charitable remainder trust assets		761,084
Compensated Absences	358,147	
Total OPEB Liability	1,935,582	
Net Pension Liability	(61,961,296)	
Early Retirement Incentive	(1,509,606)	
Liabilities Under Charitable Remainder Trusts		(1,575)
Amounts Held on Behalf of Others		129,569
Deferred Inflows Related to Charitable Remainder Trusts		(759,508)
Deferred Inflows Related to OPEB	(769,945)	
Deferred Inflows Related to Pensions	44,870,963	
Net Cash Provided (Used) by Operating Activities	<u>\$ (99,948,136)</u>	<u>\$ 1,341,337</u>
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Amortization of Deferred Charge on Refunding	\$ 942,484	
Amortization of Premium on Long-Term Debt	2,993,105	
Right-To-Use Lease Assets acquired through financing	59,820	
Net Non-Cash Investing, Capital, and Financing Activities	<u>\$ 3,995,409</u>	<u>\$</u>

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2022

	<u>Custodial Fund</u>
ASSETS:	
Cash and Cash Equivalents	\$ 133,084
Inventory	<u>45</u>
TOTAL ASSETS	<u>133,129</u>
NET POSITON:	
Amounts Held in Trust for Others	<u>\$ 133,129</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION YEAR ENDED JUNE 30, 2022

	<u>Custodial Fund</u>
ADDITIONS:	
Interest and Investment Income	\$ 138
Other Local Revenues	<u>64,029</u>
TOTAL ADDITIONS	<u>64,167</u>
DEDUCTIONS:	
Operating Expenses and Services	<u>71,665</u>
TOTAL DEDUCTIONS	<u>71,665</u>
DECREASE IN FIDUCIARY NET POSITION	(7,498)
NET POSITION, BEGINNING OF YEAR	<u>140,627</u>
NET POSITION -- END OF YEAR	<u><u>\$ 133,129</u></u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

1. ORGANIZATION AND REPORTING ENTITY

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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

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

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

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

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

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

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

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

Asset Class	Years
Improvement of Sites	20
Buildings	50
Vehicles	8
Restricted Programs - Machinery	5-15
Machinery and Equipment	5-15

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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

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

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

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

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

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

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

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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

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

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

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

- Net investment in capital assets – This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- Restricted net position – Restricted net position includes resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed either through enabling legislation adopted by the District or by external third parties such as creditors, grantors, or laws or regulations of other governments.
- Unrestricted net position (deficit) – Unrestricted net position (deficit) represents resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose. Unrestricted net position (deficit) includes amounts internally designated for District obligations.

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

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

- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; (3) most Federal, State, and local grants and contracts and Federal appropriations.
- Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting" and GASB No. 34, such as State appropriations and investment income.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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

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

Change in accounting principle – For the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the District's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the District's 2022 financial statements, with long-term liabilities and depreciable capital assets being restated as of July 1, 2021 by \$253,953, which represents the net present value of the right-to-use lease assets and related lease liability. This restatement resulted in no net effect on the District's beginning net position as of July 1, 2021.

Future accounting pronouncements – In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)* (GASB 94), which is required to be implemented by the District during the year ending June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to these arrangements. Establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions will provide more relevant and reliable information for financial statement users and create greater consistency in practice. Management is in the process of evaluating the impact this statement will have on the District's future financial statements.

3. CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents as of June 30, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position of the Primary Institution:	
Cash and Cash Equivalents	\$ 55,146,440
Restricted Cash and Cash Equivalents – Current	97,338,594
Restricted Cash and Cash Equivalents – Noncurrent	10,741,015
Deposits Held in Escrow	1,591,620
Cash with Trustee	1,798,072
Statement of Fiduciary Net Position:	
Cash and Cash Equivalents	<u>133,084</u>
Total Cash and Cash Equivalents	<u>\$ 166,748,825</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

The District's cash and cash equivalents as of June 30, 2022 consist of the following:

Cash and Cash Equivalents in Sonoma County Treasury	\$ 157,026,977
Deposits with Financial Institutions	6,311,606
Cash on Hand	20,550
Deposits Held in Escrow	1,591,620
Cash Equivalents with Fiscal Agent:	
Cash Held by Trustee	<u>1,798,072</u>
Total Cash and Cash Equivalents	<u>\$ 166,748,825</u>

Cash in County Treasury

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

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

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

Investments Authorized by the District's Investment Policy

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds or Notes	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations – CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Bankers' Acceptance	180 days	40%	30%
Commercial Paper (pooled and non-pooled)	270 days	25% or 40%	10%
Negotiable Certificates of Deposits	5 years	30%	30%
Non-negotiable Certificates of Deposits	5 years	None	None
Deposit Placement Services	5 years	50%	30%

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

<u>Authorized Investment Type (continued)</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
CD Placement Services	5 years	50%	30%
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds & Money Market Mutual Funds	N/A	20%	None
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	None
Public Bank Obligations	5 years	None	None

Investments Authorized by Debt Agreements

\$51,441,856 of the District's cash and cash equivalents with the Treasury represents unspent bond proceeds at June 30, 2022, 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, 2022, the weighted average maturity of the investments contained in the District's Treasury's investment pool is approximately 651 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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Cash on Hand, in Banks, and in Revolving Fund

As of June 30, 2022, the carrying amount of the District's bank balance was \$4,311,895. Of the bank balance, \$250,180 was insured by the Federal Depository Insurance Corporation (FDIC). Cash on hand of \$20,550 is not insured. District deposits held with financial institutions in excess of FDIC limits were \$4,061,715. Of the total bank balance, \$4,178,662 is held by the primary institution and \$133,233 is held by the fiduciary fund.

Restricted Cash and Cash Equivalents

The District's restricted cash and cash equivalents are \$108,079,609 at June 30, 2022. Included in this restricted balance is \$51,441,856 of unspent bond proceeds and \$56,637,753 for the assessments collected by the County Treasurer's Office on behalf of the District for the repayment of the District's general obligation bonds.

Derivative Investments

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

Fair Value Measurement

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

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

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2022:

Federal Grants and Contracts	\$ 6,188,741
State Grants and Contracts	3,729,910
Local Grants and Contracts	347,167
State Apportionment – Non-Capital	1,118,085
State Apportionment – Capital	7,625,013
Auxiliaries	317,056
Tuition and Fees	1,467,527
Other	<u>3,426,879</u>
Totals	<u>\$ 24,220,378</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021, as restated	Additions	Disposals	Balance June 30, 2022
Capital Assets, Not Depreciated:				
Land	\$ 15,419,267	\$ 6,072,405		\$ 21,491,672
Construction in Progress	74,251,839	53,478,485		127,730,324
Total Capital Assets, Not Depreciated	<u>89,671,106</u>	<u>59,550,890</u>		<u>149,221,996</u>
Capital Assets, Depreciated/Amortized:				
Buildings	456,967,968	9,756,813		466,724,781
Improvement of Sites	46,612,365	10,132,833		56,745,198
Vehicles	4,191,675	333,827	\$ (25,602)	4,499,900
Right-to-use lease assets	253,953	59,820		313,773
Machinery and Equipment	20,902,492	1,462,180	(216,369)	22,148,303
Total Capital Assets, Depreciated/Amortized	<u>528,928,453</u>	<u>21,745,473</u>	<u>(241,971)</u>	<u>550,431,955</u>
Less Accumulated Depreciation/Amortization for:				
Buildings	(135,387,553)	(11,665,453)		(147,053,006)
Improvement of Sites	(14,008,590)	(1,947,102)		(15,955,692)
Vehicles	(2,862,428)	(248,212)	25,602	(3,085,038)
Right-to-use lease assets		(83,454)		(83,454)
Machinery and Equipment	(11,253,314)	(618,637)	209,510	(11,662,441)
Total Accumulated Depreciation/Amortization	<u>(163,511,885)</u>	<u>(14,562,858)</u>	<u>235,112</u>	<u>(177,839,631)</u>
Total Capital Assets, Depreciated/Amortized, Net	<u>365,416,568</u>	<u>7,182,615</u>	<u>(6,859)</u>	<u>372,592,324</u>
Capital Assets, Net	<u>\$ 455,087,674</u>	<u>\$ 66,733,505</u>	<u>\$ (6,859)</u>	<u>\$ 521,814,320</u>

6. LONG-TERM LIABILITIES

General Obligation Refunding Bonds

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

The 2019 General Obligation Refunding Bonds mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,295,000	\$ 1,891,372	\$ 3,186,372
2024	1,320,000	1,865,482	3,185,482
2025	10,535,000	1,743,778	12,278,778
2026	11,265,000	1,503,020	12,768,020
2027	12,075,000	1,223,088	13,298,088
2028-2030	<u>41,500,000</u>	<u>1,674,243</u>	<u>43,174,243</u>
Totals	<u>\$ 77,990,000</u>	<u>\$ 9,900,983</u>	<u>\$ 87,890,983</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 at June 30, 2022 of \$(497,629) 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>
2023		\$ 936,688	\$ 936,688
2024		936,687	936,687
2025	\$ 3,035,000	860,813	3,895,813
2026	2,935,000	724,412	3,659,412
2027	3,310,000	581,138	3,891,138
2028-2030	<u>10,960,000</u>	<u>715,968</u>	<u>11,675,968</u>
Subtotal	20,240,000	4,755,706	24,995,706
Plus: Unamortized Premium	<u>1,871,882</u>		<u>1,871,882</u>
Totals	<u>\$ 22,111,882</u>	<u>\$ 4,755,706</u>	<u>\$ 26,867,588</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 refunding. The deferred charge on refunding at

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

June 30, 2022 of \$8,075,288 is being amortized over the remaining life of the new debt. As described above, the outstanding balance on these bonds was partially refunded in November 2019. The remaining liability is presented below.

The 2013 General Obligation Refunding Bonds mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 10,560,000	\$ 822,750	\$ 11,382,750
2024	11,580,000	280,000	11,860,000
Subtotals	22,140,000	1,102,750	23,242,750
Plus: unamortized premiums	3,207,619		3,207,619
Totals	<u>\$ 25,347,619</u>	<u>\$ 1,102,750</u>	<u>\$ 26,450,369</u>

General Obligation Bonds

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>
2023	\$ 19,300,000	\$ 4,562,044	\$ 23,862,044
2024	3,025,000	4,115,544	7,140,544
2025	3,305,000	3,988,944	7,293,944
2026	3,600,000	3,850,844	7,450,844
2027	3,915,000	3,700,544	7,615,544
2028-2032	24,775,000	15,781,720	40,556,720
2033-2037	35,180,000	9,972,969	45,152,969
2038-2042	46,730,000	3,591,388	50,321,388
Subtotal	139,830,000	49,563,997	189,393,997
Plus: Unamortized Premium	13,358,040		13,358,040
Totals	<u>\$ 153,188,040</u>	<u>\$ 49,563,997</u>	<u>\$ 202,752,037</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 YEAR ENDED JUNE 30, 2022

The General Obligation Bonds, Series A mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 915,000	\$ 3,041,200	\$ 3,956,200
2024	1,070,000	3,001,500	4,071,500
2025	1,235,000	2,955,400	4,190,400
2026	1,410,000	2,897,900	4,307,900
2027	1,605,000	2,828,800	4,433,800
2028-2032	11,500,000	12,701,000	24,201,000
2033-2037	18,560,000	9,353,188	27,913,188
2038-2042	<u>28,395,000</u>	<u>3,767,887</u>	<u>32,162,887</u>
Subtotal	64,690,000	40,546,875	105,236,875
Plus: Unamortized Premium	<u>8,170,827</u>		<u>8,170,827</u>
Totals	<u>\$ 72,860,827</u>	<u>\$ 40,546,875</u>	<u>\$ 113,407,702</u>

Early Retirement Incentive

During 2019, District made available and approved a Supplemental Employee Retirement Plan (SERP) to provide eligible employees with a monthly income supplement. 98 employees accepted the incentive. The amount of the incentive is eighty percent of the eligible employee's final base salary, offered in several benefit payment alternatives, with total eligible benefits being paid to retirees ranging between 5 and 10 years. The benefits will be paid through annuities purchased through an insurance company by the District. District contributions to the eligible employees will not be considered creditable compensation for CalPERS and CalSTRS. The District's liability for this early retirement incentive is \$3,188,993 as of June 30, 2022. Annual requirements to amortize the liability outstanding are as follows:

<u>Year Ending June 30,</u>	<u>Payment</u>
2023	\$ 1,599,615
2024	<u>1,589,378</u>
	<u>\$ 3,188,993</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Lease liabilities

The District holds several multi-year, non cancellable lease agreements as lessee for right-to-use copier equipment. As part of the implementation of GASB 87, an initial lease liability was recorded in the amount of \$253,953 at the beginning of the fiscal year ended June 30, 2022. As of June 30, 2022, the value of the lease liability was \$230,319. The District is required to make monthly principal and interest payments of \$7,999. 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, 2022 were \$230,318 and are being amortized over the remaining term of the leases. The future minimum principal and interest lease payments as of June 20, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 94,421	\$ 1,570	\$ 95,991
2024	94,421	1,570	95,991
2025	18,545	6,227	24,772
2026	11,963	2,880	14,885
2027	10,969		10,927
Totals	<u>\$ 230,319</u>	<u>\$ 12,247</u>	<u>\$ 242,566</u>

Changes In Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance, as restated	Additions	Deductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 385,806,473		\$ (34,308,105)	\$ 351,498,368	\$ 32,070,000
Early Retirement Incentive	4,698,597		(1,509,604)	3,188,993	1,589,378
Compensated Absences	5,169,714	\$ 2,866,187	(2,508,040)	5,527,861	2,874,793
Lease Liabilities	<u>253,953</u>	<u>59,820</u>	<u>(83,454)</u>	<u>230,319</u>	<u>94,421</u>
Total	<u>\$ 395,928,737</u>	<u>\$ 2,926,007</u>	<u>\$ (38,409,203)</u>	<u>\$ 360,445,541</u>	<u>\$ 36,628,592</u>

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

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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

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

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

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

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

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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

	SWACC Property/ Liability June 30, 2021	SAFER Property/ Liability June 30, 2021	PIPS Workers' compensation June 30, 2021	SEWUP Workers' compensation/ Liability June 30, 2021
Total Assets	\$ 45,415,626	\$ 43,779,353	\$ 191,377,661	\$ 53,043,624
Total Liabilities	\$ 28,139,663	\$ 41,873,705	\$ 129,353,377	\$ 49,535,686
Net Position	17,275,963	1,905,648	62,024,284	3,507,938
Total Liabilities and Net Position	\$ 45,415,626	\$ 43,779,353	\$ 191,377,661	\$ 53,043,624
Total Revenues	\$ 29,732,214	\$ 102,474,182	\$ 343,818,211	\$ 27,726,980
Total Expenses	26,895,141	102,224,133	323,866,292	27,514,540
Net Increase in Net Position	\$ 2,837,073	\$ 250,049	\$ 19,951,919	\$ 212,440

8. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

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

Litigation

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

Sick Leave

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

Construction Commitments

The District has construction commitments of approximately \$116,976,511 at June 30, 2022. General Obligation Bonds and State Capital Outlay Funds have been approved for such construction commitments.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

9. RETIREMENT PLANS

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

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

Contributions

Assembly Bill 1469 (AB 1469), signed into law as a part of the State of California's (the State) 2014-15 budget, increases contributions to the CalSTRS Plan from members, employers, and the State over the next seven years, effective July 1, 2014. School employer contributions will increase from 8.25% to a total of 20.25% of covered payroll over the seven-year period. The District's required contribution rate for the year ended June 30, 2022, was 16.92% of annual pay. District contributions to the CalSTRS Plan were \$7,687,433 for the year ended June 30, 2022.

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

In addition to AB1469, California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) were signed into law in June 2019 and June 2020, respectively.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

These Statutes provided supplemental contributions to the CalSTRS Plan along with supplemental contribution rate relief to employers through fiscal year 2021–22.

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, 2020 and rolling forward the total pension liability to the measurement date of June 30, 2021. The financial reporting actuarial valuation used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Investment Rate of Return ⁽¹⁾	7.10%
Mortality	CalSTRS' Membership Data
Post-Retirement Benefit Increase	2% simple for DB (Annually)
	Maintain 85% purchasing power
	Level for DB
	Not applicable for DBS /CBB

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

Discount Rate

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term * Expected Real Rate of Return
Public Equity	42.00%	4.80%
Fixed Income	12.00%	1.30%
Real Estate	15.00%	3.60%
Private Equity	13.00%	6.30%
Risk Mitigating Strategies	10.00%	1.80%
Inflation Sensitive	6.00%	3.30%
Cash / Liquidity	2.00%	-0.40%
Total	100.00%	

*20-year geometric average

California Public Employees' Retirement System (CalPERS)

Plan Description

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

Benefits Provided

The benefits for the CalPERS Plan are established by contract, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. PEPR 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 PEPR, 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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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, 2022, was 22.91% of annual pay. District contributions to the CalPERS Plan were \$8,656,129 for the year ended June 30, 2022.

Actuarial Assumptions

For the measurement period ended June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2021 total pension liability amounts were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases ⁽¹⁾	Varies
Investment Rate of Return	7.15%
Mortality ⁽²⁾	CalPERS' Membership Data
Post-Retirement Benefit Increase ⁽³⁾	Up to 2.50%

(1) Varies by entry age and service

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, refer to the December 2017 CalPERS Experience Study Report (based on CalPERS demographic data from 1997 to 2015) that can be found on CalPERS website.

(3) 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed 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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class^(a)	New Strategic Allocation	Real Return Years 1 – 10^(b)	Real Return Years 11+^(c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

^(a) In the Plan's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

^(b) An expected inflation of 2.00% was used for this period.

^(c) An expected inflation of 2.92% was used for this period.

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

As of June 30, 2022, 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	\$ 37,316,560
CalPERS Plan	53,730,890
Total District net pension liability	91,047,450
State's proportionate share of CalSTRS net pension liability associated with the District	18,881,846
Total	\$ 109,929,296

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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, 2021, 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, 2021, was 0.082% and 0.2642% for the CalSTRS and CalPERS Plans, respectively, which was an increase of 0.0050% and 0.0088%, respectively, from its proportion measured as of June 30, 2020 for CalSTRS and CalPERS Plans, respectively.

For the measurement period ended June 30, 2021, the District recognized pension expense of \$5,752,985 and revenue of \$649,068 for support provided by the State. At June 30, 2022, 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	\$ 1,697,485	\$ (4,097,926)
Changes in assumptions	5,287,360	
Changes in proportion	460,082	
Change in proportionate share of contributions		(339,135)
Net differences between projected and actual investment earnings of pension plan investments		(50,138,676)
District contributions subsequent to measurement date	<u>16,343,562</u>	
Total	<u>\$ 23,788,489</u>	<u>\$ (54,575,737)</u>

The \$16,343,562 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, 2023. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2023	\$ (10,927,100)
2024	(9,807,759)
2025	(11,929,511)
2026	(14,443,807)
2027	(236,584)
Thereafter	213,951

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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	\$ 75,963,160	\$ 37,316,560	\$ 5,240,620

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
District's proportionate share of the CalPERS Plan's net pension liability	\$ 90,597,825	\$ 53,730,890	\$ 23,123,423

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, 2022, employees and the District each contributed \$265,174 to the Cash Balance Plan.

The second defined contribution plan is a 403(b) plan administered by Fidelity Investments. The IRS recognizes a 403(b) investment plan as a qualified pension plan that employers may offer in lieu of Social Security to employees not covered by CalSTRS or CalPERS. This alternative retirement system has been in effect since January 1, 1992, and is an employee-directed defined contribution plan. Currently, both the members and the District contribute 3.75% of gross salary. Participants contributing to the 403(b) plan have an immediate vested right to their benefits. During the fiscal year ended June 30, 2022, employees and the District each contributed \$73,698 to the 403(b) plan.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

10. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Plan Description

In addition to the pension benefits described in Note 9, the District provides other postemployment health and welfare benefits (medical, prescription drug, and dental insurance) for eligible retired employees through a single-employer defined benefit OPEB plan (the Plan). The medical benefits are provided through the Self-Insured Schools of California (SISC). Dental benefits are self-insured by the District and administered by outside consultants. As of June 30, 2022, 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 \$1,583,753 at June 30, 2022.

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 retiree 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 District's Plan will receive a medical/dental stipend for life equal to \$84/month for single retirees and \$136.50/month for retiree and spouse for the 2019-20 school year. The amount increases each school year as follows:

<u>School Year</u>	<u>Stipend amount (Retiree / Retiree and spouse)</u>
2020-21	\$100/\$176
2021-22	\$116/\$216
2022-23	\$132/\$256
2023-24	Least expensive Medicare Part B single premium / Med Part B times two
2024-25+	Medicare Part B premiums for single / retiree plus spouse increased by CPI

Employees Covered

As of the July 1, 2020 actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	437
Inactive employees entitled to but not receiving benefits	0
Participating active employees	723
Total	<u>1,160</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Total OPEB Liability

The District's total OPEB liability of \$38,725,515 was measured as of June 30, 2021, and was determined by an actuarial valuation dated July 1, 2020, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount rate ⁽¹⁾	1.92%
Salary increases	3.00%
Inflation rate	2.75%
Health care cost trend rates	4.00% for 2021-2023; 5.20% for 2024-2069, and 4.00% for 2070 and later years; Medicare ages: 4.00%

⁽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 (1997-2015). Post-retirement mortality rates were based on retired members and beneficiaries CalSTRS Experience Analysis (2015-2018) and Healthy Recipients from CalPERS Experience Study (1997-2015).

Actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2020.

Changes in Assumptions

For the measurement date June 30, 2021, the discount rate was decreased from 2.45% to 1.92%.

Changes in the Total OPEB Liability

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

	Total OPEB Liability (TOL)
Balance at June 30, 2021 (Measurement date June 30, 2020)	<u>\$ 36,789,933</u>
Changes recognized for the measurement period:	
Service cost	1,629,901
Interest on TOL	910,631
Changes in assumptions	1,912,688
Benefit payments	<u>(2,517,638)</u>
Net changes	<u>1,935,582</u>
Balance at June 30, 2022 (Measurement date June 30, 2021)	<u>\$ 38,725,515</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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

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

	Discount Rate -1% (0.92%)	Current Discount Rate (1.92%)	Discount Rate +1% (2.92%)
Total OPEB liability	\$ 42,799,506	\$ 38,725,515	\$ 35,240,340

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:

	Discount Rate -1%¹	Health Care Trend Rate¹	Discount Rate +1%²
Total OPEB liability	\$ 34,167,591	\$ 38,725,515	\$ 44,249,889

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

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

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$2,522,559. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 2,584,513	
Differences between expected and actual experience		\$ (2,882,475)
Changes of assumptions	3,458,004	(428,810)
Total	\$ 6,042,517	\$ (3,311,285)

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

The \$2,584,513 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30	
2023	\$ (17,973)
2024	(17,973)
2025	(17,973)
2026	(95,786)
2027	149,296
Thereafter	147,128

11. TAX REVENUE ANTICIPATION NOTES (TRANS)

Tax revenue anticipation notes are short-term debt instruments. They are issued to eliminate cash flow deficiencies that result from fluctuations in revenue receipts and expenditure disbursements. The principal payment on this note was made in December 2021. A summary of the District's TRANS activity for the year ended June 30, 2022 is as follows:

	Outstanding June 30, 2021	Additions	Deductions	Outstanding June 30, 2021
2021 0.25% TRANS	\$ 18,160,000		\$ (18,160,000)	
	<u>\$ 18,160,000</u>	<u>\$</u>	<u>\$ (18,160,000)</u>	<u>\$</u>

12. SUBSEQUENT EVENT

On November 8, 2022, the District issued General Obligation Bonds, Election of 2014, Series C in the amount of \$95,000,000 and Series C-1 in the amount of \$10,000,000. The General Obligation Bonds were issued to finance the repair, upgrading, acquisition, construction, and equipping of certain District property and facilities and to pay the costs of issuance of the bonds, maturing through August 2030, and bear interest between 4.832% and 5.650%.

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, 2022 LAST 10 YEARS*

	Fiscal Year				
	2022	2021	2020	2019	2018
	Measurement date 2021	Measurement date 2020	Measurement date 2019	Measurement date 2018	Measurement date 2017
TOTAL OPEB LIABILITY					
Service cost	\$ 1,629,901	\$ 1,192,939	\$ 1,206,930	\$ 1,295,188	\$ 1,010,410
Interest	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		(3,558,886)		(858,135)	
Changes of assumptions	1,912,688	1,674,360	1,280,758	(879,002)	
Benefit payments	<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	1,935,582	4,631,415	1,858,973	(1,283,907)	153,035
TOTAL OPEB LIABILITY, Beginning	<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><u>\$ 38,725,515</u></u>	<u><u>\$ 36,789,933</u></u>	<u><u>\$ 32,158,518</u></u>	<u><u>\$ 30,299,545</u></u>	<u><u>\$ 31,583,452</u></u>
Covered-employee payroll	\$ 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	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, 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%, and from 2.45% to 1.92% during the measurement periods ending June 30, 2018, 2019, 2020, and 2021, 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 five years are presented.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY YEAR ENDED JUNE 30, 2022 LAST 10 YEARS*

	CalSTRS Plan							
	Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
	Measurement date 2021	Measurement date 2020	Measurement date 2019	Measurement date 2018	Measurement date 2017	Measurement date 2016	Measurement date 2015	Measurement date 2014
District's proportion of the net pension liability	0.082%	0.077%	0.081%	0.082%	0.080%	0.083%	0.089%	0.086%
District's proportionate share of the net pension liability	\$ 37,316,560	\$ 74,619,930	\$ 73,155,960	\$ 75,363,740	\$ 73,984,000	\$ 67,131,230	\$ 59,918,360	\$ 50,255,820
State's proportionate share of the net pension liability associated with the District	<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>	<u>30,231,043</u>
Total	<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>	<u>\$ 80,486,863</u>
District's covered-employee payroll	\$ 43,726,322	\$ 42,314,096	\$ 43,979,286	\$ 43,191,311	\$ 41,128,188	\$ 39,288,231	\$ 37,976,024	\$ 35,051,949
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	85%	176%	166%	174%	180%	171%	158%	143%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%

Notes to Schedule:

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

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

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY YEAR ENDED JUNE 30, 2022 LAST 10 YEARS*

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

Notes to Schedule:

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

Changes in assumptions – For the measurement date ended June 30, 2015, the discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% to correct an adjustment which previously reduced the discount rate for administrative expenses. For the measurement dates ended June 30, 2021, 2020, 2019, 2016 and 2014, there were no changes in assumptions. For the measurement date ended June 30, 2017, the discount rate changed from 7.65% to 7.15%. For the measurement date ended June 30, 2018, the demographic assumptions and inflation rates were changed. The inflation rate was lowered from 2.75% to 2.50%.

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS YEAR ENDED JUNE 30, 2022 LAST 10 YEARS*

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

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS YEAR ENDED JUNE 30, 2022 LAST 10 YEARS*

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

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

SUPPLEMENTARY INFORMATION SECTION

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2022

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	\$ 9,968,714	\$ 9,968,714
Supplemental Educational Opportunity Grant Program	84.007	N/A	370,463	370,463
Federal Work-Study Program	84.033	N/A	372,092	372,092
Direct Student Loan Program	84.268	N/A	468,934	468,934
Subtotal Student Financial Assistance Programs Cluster			<u>11,180,203</u>	<u>11,180,203</u>
Child Care Access Means Parents in School (CCAMPIS)	84.335	N/A	<u>152,299</u>	<u>152,299</u>
Education Stabilization Funds:				
COVID-19 Higher Education Emergency Relief Fund (HEERF) - Student Portion	84.425E	N/A	9,936,000	9,936,000
COVID-19 Higher Education Emergency Relief Fund (HEERF) - Institutional Portion	84.425F	N/A	10,268,472	10,268,472
COVID-19 Higher Education Emergency Relief Fund (HEERF) Minority Serving Institute	84.425L	N/A	1,312,667	1,312,667
Subtotal Education Stabilization Fund			<u>21,517,139</u>	<u>21,517,139</u>
Passed Through Humboldt State University:				
HSI STEM	84.031C	N/A	8,028	8,028
Hispanic Serving Institute - Lanzamiento	84.031	N/A	510,760	510,760
Hispanic Serving Institute - Avanzando	84.031	N/A	190,915	190,915
Subtotal AL# 84.031			<u>709,703</u>	<u>709,703</u>
Passed Through California Community Colleges Chancellor's Office (CCCCO):				
Title II-C	84.048	04-C01-061	<u>662,412</u>	<u>662,412</u>
Passed Through California Department of Education:				
Adult Education (English As a Second Language)	84.002A	14508	<u>328,446</u>	<u>328,446</u>
Passed Through Office of Migrant Education:				
High School Equivalency Program	84.141A	N/A	<u>485,829</u>	<u>485,829</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>35,326,031</u>	<u>35,326,031</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued) YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Identifying Number	Award Amount	Program Expenditures
U.S. Department of Health and Human Services:				
Passed Through CCCCO:				
Temporary Assistance to Needy Families (TANF)	93.558	N/A	68,962	68,962
Passed Through County of Sonoma:				
Temporary Assistance to Needy Families (SonomaWorks)	93.558	17-0405-1SW	200,000	200,000
Subtotal 477 Cluster			<u>268,962</u>	<u>268,962</u>
Passed Through Sonoma County Office of Education:				
Child Care and Development Block Grant - CCDF Cluster	93.575	N/A	9,527	9,527
Medical Administrative Activities - Medicaid Cluster	93.778	04-35070	<u>12,650</u>	<u>12,650</u>
Total U.S. Department of Health and Human Services			<u>291,139</u>	<u>291,139</u>
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>343,173</u>	<u>343,173</u>
Total U.S. Department of Commerce			<u>343,173</u>	<u>343,173</u>
U.S. National Science Foundation:				
Passed Through City College of San Francisco:				
STEM Miles	47.076	DUE-1742635	<u>164,419</u>	<u>164,419</u>
Total U.S. National Science Foundation			<u>164,419</u>	<u>164,419</u>
U.S. Department of Agriculture:				
Passed Through CSU Chico:				
Cal Fresh Outlet - SNAP Cluster	10.561	N/A	118,065	118,065
Passed Through California Department of Education:				
Child and Adult Care Food Program	10.558	1800-1A	<u>13,118</u>	<u>13,118</u>
Total U.S. Department of Agriculture			<u>131,183</u>	<u>131,183</u>
U.S. Corporation of National and Community Service:				
National Service Trust Grant	94.006	N/A	<u>53,277</u>	<u>53,277</u>
Total U.S. Corporation of National and Community Service			<u>53,277</u>	<u>53,277</u>
Total Expenditures of Federal Awards			<u>\$ 36,309,222</u>	<u>\$ 36,309,222</u>

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 2022

Program Title	Entitlements	Program Revenues				Program Expenditures
	Current Year	Unearned Revenue and Cash Received	Accounts Receivable	Unearned/ Payables	Total	
ADN 19/20 CO		\$ 16,156			\$ 16,156	\$ 16,156
Adult Ed	\$ 1,104,428	1,104,428		\$ 1,030,080	74,348	74,348
AEBG 20/21		921,140			921,140	921,140
Apprenticeship	260,591	406,199		145,608	260,591	260,591
Basic Needs	303,489	303,489		194,353	109,136	109,136
Block Grant 00/01		671,833		671,833		
Bus Appren	500,000		\$ 10,606		10,606	10,606
Cal Grants	1,955,409	1,955,409			1,955,409	1,955,409
CalFresh SB 85		38,350		323	38,027	38,027
California College Promise	1,094,456	1,535,875		672,682	863,193	863,193
California Promise	638,313	638,313			638,313	638,313
CalWorks	411,279	477,890		16,419	461,471	461,471
Campus Safety Sexual Assault		9,729		9,729		
CDSS	14,500	14,500		14,500		
Child Development	963,582	237,776	725,806		963,582	963,582
Child Development Consortium		61			61	61
Classified Professional Development		81,258		81,258		
Cooperative Agency Resource Education	117,856	121,584			121,584	121,584
COVID-19 Block		537,626			537,626	537,626
CTE Food/Beverage		495			495	495
CTE Outcomes Survey	1,035,893	1,035,893			1,035,893	1,035,893
CTE SWP Local 21-22	2,550,872	2,550,872		1,776,300	774,572	774,572
CTE SWP Regional 21-22	1,382,979		270,976		270,976	270,976
CTE SWP 20/21 Local		650,979			650,979	650,979
CTE SWP 20/21 Regional	988,971	340,793	648,178		988,971	988,971
CTE SWP Local 19-20		201,091			201,091	201,091
CTE SWP Regional 19-20	308,930	585,553			585,553	585,553
CTEOS 2020	48,584		48,584		48,584	48,584
Cultural Competency Faculty PD	50,435	50,435		50,435		
Disabled Student Program & Services	2,839,254	3,002,415		219,848	2,782,567	2,782,567
Dreamers		846		846		
EEO BP	208,333	208,333		208,333		
Emergency Relief Funds		1,027,958		806,951	221,007	221,007
Enrollment Growth	263,097	263,097		62,325	200,772	200,772
EWD	418,173	507,286		1,292	505,994	505,994
Extended Opportunity Program and Services	1,111,126	1,114,827			1,114,827	1,114,827
Faculty and Staff Diversity	50,000	133,828		87,831	45,997	45,997
Financial Aid Administration	547,943	615,611		30,708	584,903	584,903
Financial Aid Technology	59,584	79,562		7,502	72,060	72,060
Full Time Student Success Grants	1,478,358	1,702,937		471,706	1,231,231	1,231,231
Guided Pathways	152,270	1,110,830		957,394	153,436	153,436
Healthy Soils	47,378	26,342	21,036		47,378	47,378
Hunger Free Campus (18/19)		35,016			35,016	35,016
IELM 21/22	4,941,468	4,941,468		3,385,458	1,556,010	1,556,010
IEPI / Partnership Resource Team		193,397		162,449	30,948	30,948
IEPI Leadership Development		1,118		1,118		
Incarcerated Reentry Prg	11,364	66,073			66,073	66,073
Innovation Grant		367,219		30,214	337,005	337,005
Instructional Equip 07/08		47,193		47,193		
LGBTQ+	146,890	146,890		146,890		
Lib Srv Plat	20,460	20,460		10,860	9,600	9,600
Mental Health Services CCCCCO	403,291	403,291		371,675	31,616	31,616
MESA	91,562	139,058		72,691	66,367	66,367

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 2022

Program Title	Entitlements	Program Revenues				Program Expenditures
	Current Year	Unearned Revenue and Cash Received	Accounts Receivable	Unearned/ Payables	Total	
MESA Schools Pilot Program		7,948		7,948		
MHSA - CalVet	99,875	34,918	64,958		99,876	99,876
MHSA-PEI	200,000	85,372	114,628		200,000	200,000
Microgrid Demo Project	1,371,174		1,371,174		1,371,174	1,371,174
NextUp	592,461	592,568			592,568	592,568
Regional CFC	20,000		20,000		20,000	20,000
Retention and Enrollment	1,183,667	1,635,595		1,429,951	205,644	205,644
RJV Cannabis Initiative	430,141		430,141		430,141	430,141
Scheduled Maintenance 16/17		3,515			3,515	3,515
Scheduled Maintenance 19/20		56,664			56,664	56,664
Scheduled Maintenance 21/22	4,941,468	4,941,468		4,875,193	66,275	66,275
SEA Year 1	6,119,960	6,119,960		2,731,464	3,388,496	3,388,496
SEA Year 2	1,918,286	1,918,286			1,918,286	1,918,286
Std Food/House	296,976	296,976		295,650	1,326	1,326
Textbook Affordability Program		24,356		24,356		
Undocumented Resources Liaison	151,368	227,710			227,710	227,710
Veterans Resource Center	100,839	229,507		173,781	55,726	55,726
VRC one-time		52,373		52,373		
YESS-ILP	22,500	18,676	3,824		22,500	22,500
Total	\$ 43,969,833	\$ 46,888,674	\$ 3,729,911	\$ 21,337,520	\$ 29,281,065	\$ 29,281,065

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE YEAR ENDED JUNE 30, 2022

STATE GENERAL APPORTIONMENT	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
<u>Categories</u>			
A. Summer Intersession (Summer 2021 Only)			
1. Noncredit	483.34		483.34
2. Credit	987.00		987.00
B. Summer Intersession (Summer 2022, Prior to July 1, 2022)			
1. Noncredit	0.00		0.00
2. Credit	4.25		4.25
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses:			
(a) Weekly Census Contact Hours	2,892.87		2,892.87
(b) Daily Census Contact Hours	188.16		188.16
2. Actual Hours of Attendance Courses:			
(a) Noncredit	2,113.42		2,113.42
(b) Credit	856.52		856.52
3. Alternative Attendance Accounting Procedure Courses:			
(a) Weekly Census Procedure Courses	3,352.33		3,352.33
(b) Daily Census Procedure Courses	1,576.80		1,576.80
(c) Noncredit Independent Study	0.00		0.00
D. Total Full-Time Equivalent Students	<u>12,454.69</u>		<u>12,454.69</u>
<u>Supplemental Information</u>			
E. In-service Training Courses (FTES)	290.88		290.88
F. Basic Skills Courses and Immigrant Education (FTES)			
(a) Noncredit	330.59		330.59
(b) Credit	90.50		90.50
<u>CCFS 320 Addendum</u>			
CDCP Noncredit FTES	410.62		410.62
Centers FTES			
(a) Noncredit	90.04		90.04
(b) Credit	1,574.88		1,574.88

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION YEAR ENDED JUNE 30, 2022

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
ACADEMIC SALARIES							
Instructional Salaries:							
Contract or Regular	1100	\$ 22,924,247		\$ 22,924,247	\$ 22,924,247		\$ 22,924,247
Other	1300	20,251,189		20,251,189	20,251,189		20,251,189
Total Instructional Salaries		43,175,436		43,175,436	43,175,436		43,175,436
Non-Instructional Salaries:							
Contract or Regular	1200				10,559,370		10,559,370
Other	1400				1,583,261		1,583,261
Total Non-Instructional Salaries					12,142,631		12,142,631
Total Academic Salaries		43,175,436		43,175,436	55,318,067		55,318,067
CLASSIFIED SALARIES							
Non-Instructional Salaries:							
Regular Status	2100				21,521,123		21,521,123
Other	2300				1,194,987		1,194,987
Total Non-Instructional Salaries					22,716,110		22,716,110
Instructional Aides:							
Regular Status	2200	2,729,343		2,729,343	2,729,343		2,729,343
Other	2400	333,865		333,865	333,865		333,865
Total Instructional Aides		3,063,208		3,063,208	3,063,208		3,063,208
Total Classified Salaries		3,063,208		3,063,208	25,779,318		25,779,318
Employee Benefits	3000	14,307,477		14,307,477	30,908,071		30,908,071
Supplies and Materials	4000				1,278,907		1,278,907
Other Operating Expenses	5000	1,344,884		1,344,884	10,071,184		10,071,184
Equipment Replacement	6420						
TOTAL EXPENDITURES PRIOR TO EXCLUSIONS		61,891,005		61,891,005	123,355,547		123,355,547

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION YEAR ENDED JUNE 30, 2022

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
EXCLUSIONS							
Activities to Exclude:							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	815,736		815,736	815,736		815,736
Student Health Services Above Amount Collected	6441				63		63
Student Transportation	6491				158,762		158,762
Noninstructional Staff-Retirees' Benefits and Retirement Incentives	6740				693,868		693,868
Objects to Exclude:							
Rents and Leases	5060				74,422		74,422
Lottery Expenditures:							
Academic Salaries	1000				705,873		705,873
Classified Salaries	2000				1,876,220		1,876,220
Employee Benefits	3000				1,221,755		1,221,755
Supplies and Materials:	4000						
Software	4100						
Books, Magazines, & Periodicals	4200						
Instructional Supplies & Materials	4300						
Noninstructional Supplies & Materials	4400						
Total Supplies and Materials							
Other Operating Expenses and Services	5000						
Capital Outlay:	6000						
Library Books	6300						
Equipment:	6400						
Equipment - Additional	6410						
Equipment - Replacement	6420						
Total Equipment							
Total Capital Outlay							
Other Outgo	7000						
TOTAL EXCLUSIONS		815,736		815,736	5,546,699		5,546,699
Total for ECS 84362, 50% Law		\$ 61,075,269	\$	\$ 61,075,269	\$ 117,808,848	\$	\$ 117,808,848
Percent of CEE (Instructional Salary Cost / Total CEE)		51.84%		51.84%	100%		100%
50% of Current Expense of Education					\$ 58,904,424		\$ 58,904,424

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, 2022

Education Protection Act (EPA) Expenditure Report

Activity Classification	Activity Code				Unrestricted
EPA Proceeds:	8630				\$ 38,877,292
Activity Classification	Activity Code	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
Instructional Activities	0100-5900	\$ 38,877,292			38,877,292
Total Expenditures for EPA*		<u>\$ 38,877,292</u>	<u>\$</u>	<u>\$</u>	<u>38,877,292</u>
Revenues less Expenditures					<u><u>\$</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, 2022

Fund Balance:

General Fund	\$ 24,864,420
Farm Operation Fund	644,319
Revenue Bond Project Fund	253,503
Other Special Revenue Fund	951,071
Capital Outlay Projects Fund	11,032,221
General Obligation Bond Fund	40,140,280
Self-Insurance Fund	745,408
Other Internal Service Fund	1,583,753
Associated Students Fund	452,277
Student Rep Fee Fund	165,886
Student Center Fee Fund	<u>232,224</u>

Total Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)	81,065,362
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Net audit adjustments:

No adjustments were made to the District's Funds	
Total Fund Balance	81,065,362

Reconciliation to Net Position:

Restricted Cash and Deposits Held in Escrow	50,813,268
Total OPEB Liability	(38,725,515)
Interest Payable	(4,972,438)
Capital Assets, Net	521,814,320
Removed Fiduciary Fund Balances	(133,129)
Student representation fee contra revenue	(15,217)
Early Retirement Incentive	(3,188,993)
Deferred Charge on Refunding	7,577,659
Deferred Outflows of Resources Related to Pensions	23,788,489
Deferred Outflows of Resources Related to OPEB	6,042,517
Deferred Inflows of Resources Related to OPEB	(3,311,285)
Deferred Inflows of Resources Related to Pensions	(54,575,737)
Long Term Compensated Absences	(2,653,068)
Net Pension Liability	(91,047,450)
Bonds Payable	<u>(351,498,368)</u>

Total Net Position	<u>\$ 140,980,415</u>
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SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2022

1. PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The audit of the District for the year ended June 30, 2022, was conducted in accordance with Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, which requires disclosure of the financial activities of all federally funded programs, the Schedule of Expenditures of Federal Awards was prepared by the District.

- General – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the District. The District reporting entity is defined in Note 1 to the District's basic financial statements.
- Basis of Accounting – The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 to the District's basic financial statements.
- Indirect Cost Rate – The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
- Subrecipients – The District did not provide federal awards to subrecipients during the year ended June 30, 2022.

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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2022

Reconciliation of Education Protection Account Expenditures to District Accounting Records

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

Reconciliation of Governmental Funds to Net Position

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

OTHER INDEPENDENT AUDITOR'S REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Sonoma County Junior College District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 1, 2022.

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.

A handwritten signature in black ink that reads "Gilbert CPAs". The script is cursive and fluid.

GILBERT CPAs
Sacramento, California

December 1, 2022

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, 2022. 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, 2022.

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.

A handwritten signature in black ink that reads "Gilbert CPAs". The script is cursive and fluid.

**GILBERT CPAs
Sacramento, California**

December 1, 2022

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, 2022.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above for the fiscal year ended June 30, 2022.

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)
- Proposition 1D and 51 State Bond Funded Projects

**Members of the Board of Trustees
Sonoma County Junior College District
Page 3**

- Education Protection Account Funds
- Student Representation Fee
- COVID-19 Response Block Grant Expenditures

Gilbert CPAs

**GILBERT CPAs
Sacramento, California**

December 1, 2022

FINDINGS AND RECOMMENDATIONS SECTION

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2022

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?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> 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?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> 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

Assistance Listing Numbers

84.425E, 84.425F, 84.425L

Name of Federal Programs or Cluster

COVID-19 Higher Education Emergency Relief Fund (HEERF)

Dollar threshold used to distinguish between Type A and Type B programs: \$1,089,277

Auditee qualified as low-risk auditee? X Yes No

State Awards

Internal control over state programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> 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, 2022

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, 2022

FINANCIAL STATEMENT FINDINGS

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

FEDERAL COMPLIANCE

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

STATE COMPLIANCE

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