

**SONOMA COUNTY
JUNIOR COLLEGE DISTRICT
SANTA ROSA, CALIFORNIA
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2021**

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

TABLE OF CONTENTS YEAR ENDED JUNE 30, 2021

	<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	46
Schedule of the District's Proportionate Share of the Net Pension Liability:	
CalSTRS Plan	47
CalPERS Plan	48
Schedule of the District's Pension Contributions:	
CalSTRS Plan	49
CalPERS Plan	50
SUPPLEMENTARY INFORMATION SECTION	
Schedule of Expenditures of Federal Awards	51
Schedule of State Financial Assistance	53
Schedule of Workload Measures for State General Apportionment	
Annual (Actual) Attendance	55
Reconciliation of ECS 84362 (50 Percent Law) Calculation	56
Reconciliation of Education Protection Account Expenditures to District Accounting Records	58
Reconciliation of Governmental Funds to Net Position	59
Reconciliation of Annual Financial and Budget Report (CCFS-311)	
With Audited Financial Statements	60
Notes to Supplementary Information	61

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

TABLE OF CONTENTS YEAR ENDED JUNE 30, 2021

OTHER INDEPENDENT AUDITOR'S REPORTS

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
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	65
Report on Compliance with Applicable Requirements in Accordance with the Contracted District Audit Manual	67

FINDINGS AND RECOMMENDATIONS SECTION

Schedule of Audit Findings and Questioned Costs	69
Status of Prior Year Findings and Recommendations	71

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

ORGANIZATION YEAR ENDED JUNE 30, 2021

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
Mariana Martinez	Vice President	2024
Caroline Banuelos	Clerk	2024
Maggie Fishman	Member	2022
Jeff Kunde	Member	2022
W. Terry Lindley	Member	2024
Jordan Burns	Member	2022
Anetra McCartney	Student Member	2021

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
Sarah Hopkins	Interim 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 Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Sonoma County Junior College District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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, 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 presented for purposes of additional analysis, and is required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office, and is not a required part of the basic financial statements.

This supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 3, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Gilbert CPAs

**GILBERT CPAs
Sacramento, California**

December 3, 2021

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2021

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, 2021. 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 32,200 students. The District has two campuses, located in Santa Rosa and Petaluma, California, and two centers, a Public Safety Training Center located in Windsor, California, and the Robert Shone Agricultural Center located in Forestville, California. 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.

District's Fiduciary Responsibility

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

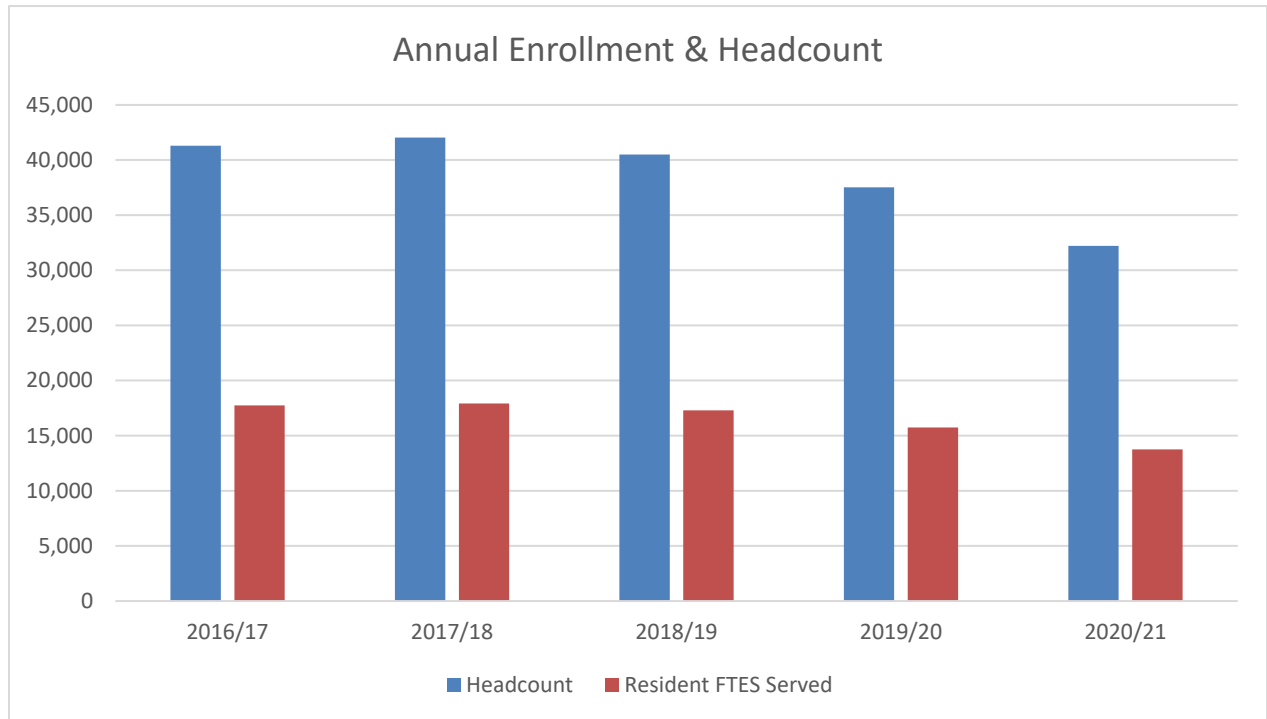
Attendance Highlights

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2021

- ❖ 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, 2021 and 2020, the following sources of student financial aid were disbursed:

	2021	2020	Change
Federal	\$ 15,252,173	\$ 16,322,308	\$ (1,070,135)
State	3,163,261	3,040,571	122,690
Scholarships	2,736,051	2,469,061	266,990
TOTAL	\$ 21,151,485	\$ 21,831,940	\$ (680,455)

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 EOPS Grants, 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 2020/21, there were 2,612 scholarships awarded for \$1,200 - \$1,700 each.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2021

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>2021</u>	<u>2020</u>	<u>Change</u>
ASSETS			
Current assets	\$ 236,743,597	\$ 239,903,693	\$ (3,160,096)
Non-current assets	<u>467,931,902</u>	<u>440,816,362</u>	<u>27,115,540</u>
TOTAL ASSETS	<u>704,675,499</u>	<u>680,720,055</u>	<u>23,955,444</u>
DEFERRED OUTFLOW OF RESOURCES	<u>\$ 42,977,246</u>	<u>\$ 46,310,531</u>	<u>\$ (3,333,285)</u>
LIABILITIES			
Current liabilities	\$ 95,743,137	\$ 67,500,891	\$ 28,242,246
Non-current liabilities	<u>549,850,007</u>	<u>579,027,477</u>	<u>(29,177,470)</u>
TOTAL LIABILITIES	<u>645,593,144</u>	<u>646,528,368</u>	<u>(935,224)</u>
DEFERRED INFLOW OF RESOURCES	<u>13,786,004</u>	<u>10,627,281</u>	<u>3,158,723</u>
NET POSITION			
Invested in capital assets, net of related debt	191,145,047	161,774,244	29,370,803
Restricted	69,560,649	72,629,691	(3,069,042)
Unrestricted	<u>(172,432,099)</u>	<u>(167,528,998)</u>	<u>(4,903,101)</u>
TOTAL NET POSITION	<u>\$ 88,273,597</u>	<u>\$ 66,874,937</u>	<u>\$ 21,398,660</u>

Current assets at June 30, 2021 consist of:

- ❖ Current cash and cash equivalents, mainly held at the county treasury, total \$195.7 million.
- ❖ Restricted cash and cash equivalents which include cash in the Bond Funds (\$113.6 million) and General Obligation debt service fund held for current repayments of the bonds (\$58.2 million).
- ❖ Accounts receivables which include amounts due from grants, contracts, and general apportionment earned, but not received, by year-end. Accounts receivable increased \$23.7 million over prior year, due mainly to the timing of payments from the state 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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2021

- ❖ 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 (\$19.7 million) and employees (\$3.1 million). Accounts payable increased by \$9.8 million from prior year, primarily due to a change in the timing of payments to vendors with the increase in construction.
- ❖ The current portion of debt, including interest (\$5.5 million) and principle payments (\$31.3 million) for the bonds, the current portion of the early retirement incentive (\$1.6 million), the current portion of compensated absences (\$2.7 million) and the repayment of the TRAN (\$18.16 million). Interest payable decreased by \$508 thousand and the current portion of bond payments decreased by \$835 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 2021 semesters (\$991 thousand). Unearned revenue increased by \$1.3 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 (\$354.5 million);
- ❖ the net pension liability adjustment required by GASB 68 (\$153.0 million);
- ❖ the total other post-employment benefits liability adjustment required by GASB 75 (\$36.8 million);
- ❖ the long term portion of compensated absences (\$2.5 million); and
- ❖ future payments for the early retirement incentive (\$3.1 million).

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

Analysis of the District's Financial Position

Net Position is the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of liabilities, and is an indicator of the District's financial position. Net Position is reported in three components: Net Investment in Capital Assets, Restricted and Unrestricted. Net Investment in Capital Assets (\$191.1 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 (\$58.2 million), capital projects (\$9.7 million), health services (\$825 thousand) and student accounts (\$817 thousand). The Unrestricted portion (-\$172.4 million) represents resources with no external restrictions, but which may be designated by the Board of Trustees for contingencies and other special purposes.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2021

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>2021</u>	<u>2020</u>	<u>Change</u>
Total operating revenues	\$ 82,178,660	\$ 77,817,822	\$ 4,360,838
Total operating expenses	<u>214,637,403</u>	<u>220,128,573</u>	<u>(5,491,170)</u>
Operating income (loss)	(132,458,743)	(142,310,751)	9,852,008
Total non-operating revenues (expenses)	102,622,889	106,444,951	(3,822,062)
Income (loss) before other revenues, expenses, gains or losses	(29,835,854)	(35,865,800)	6,029,946
Capital revenues	<u>50,582,783</u>	<u>38,665,638</u>	<u>11,917,145</u>
Increase in net assets	20,746,929	2,799,838	17,947,091
Net Position - Beginning of year	66,874,937	64,075,099	2,799,838
Cumulative Effect Change in Accounting Principle	<u>651,731</u>		<u>651,731</u>
Net Position - End of year	<u>\$ 88,273,597</u>	<u>\$ 66,874,937</u>	<u>\$ 21,398,660</u>

Changes in operating revenues:

- ❖ Net tuition and fees decreased to \$2.47 million. Enrollment fees are set by the state legislature for all community colleges, which was \$46 a unit in 2020/21.
- ❖ Auxiliary enterprise sales and charges are primarily Farm sales (\$1.15 million).

Changes in non-operating revenues:

- ❖ State apportionments represents total state general apportionment revenue earned less property taxes and enrollment fees. State apportionments represent \$11.3 million of the non-operating revenues, the Education Protection Account is \$31.4 million and property taxes are \$66.3 million. State apportionment decreased by \$22.2 million from prior year, property tax revenue increased by \$2.3 million, and Education Protection Act increased by \$21.4 million.
- ❖ Investment income – non-capital includes a loss of \$1.45 million for adjusting cash and investments to fair market value as required by GASB 31.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

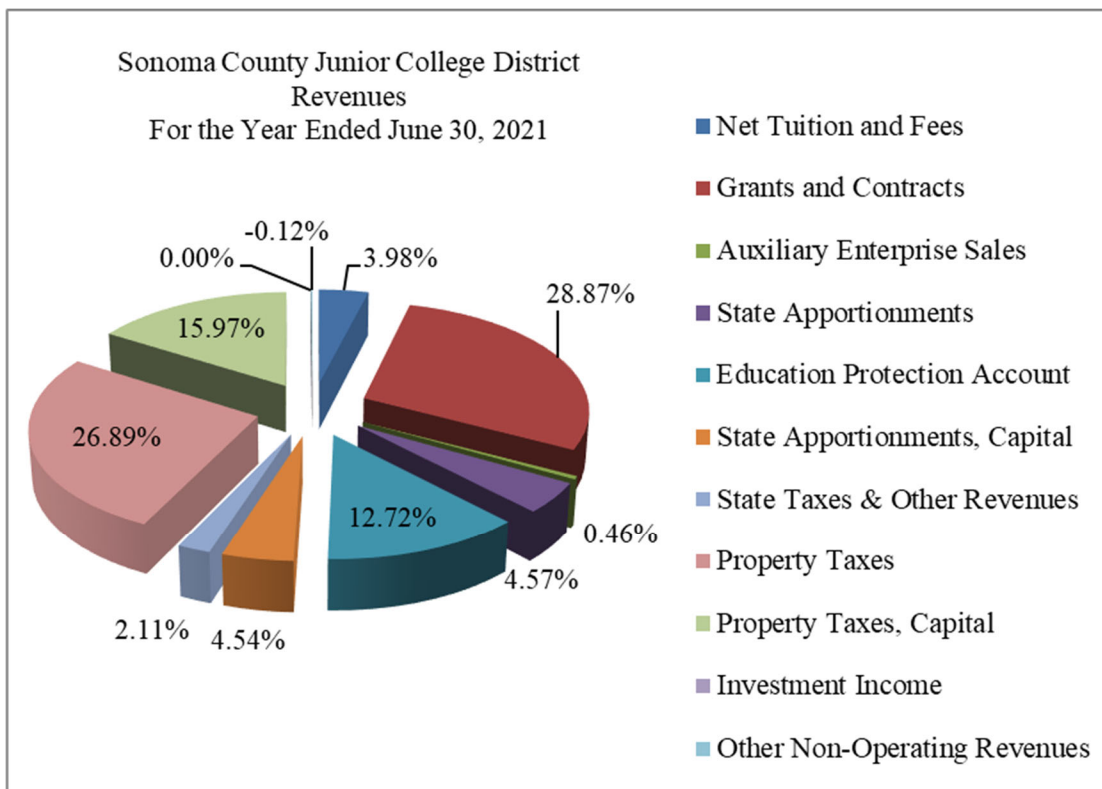
MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2021

Revenues

For the Year Ended June 30, 2021

Net Tuition and Fees	\$ 9,822,533
Grants and Contracts	71,211,441
Auxiliary Enterprise Sales	1,144,686
State Apportionments	11,272,159
Education Protection Account	31,372,375
State Apportionments, Capital	11,191,133
State Taxes & Other Revenues	5,210,137
Property Taxes	66,330,855
Property Taxes, Capital	39,391,650
Investment Income	1,918
Other Non-Operating Revenues	<u>(292,649)</u>

Total Revenues \$ 246,656,238

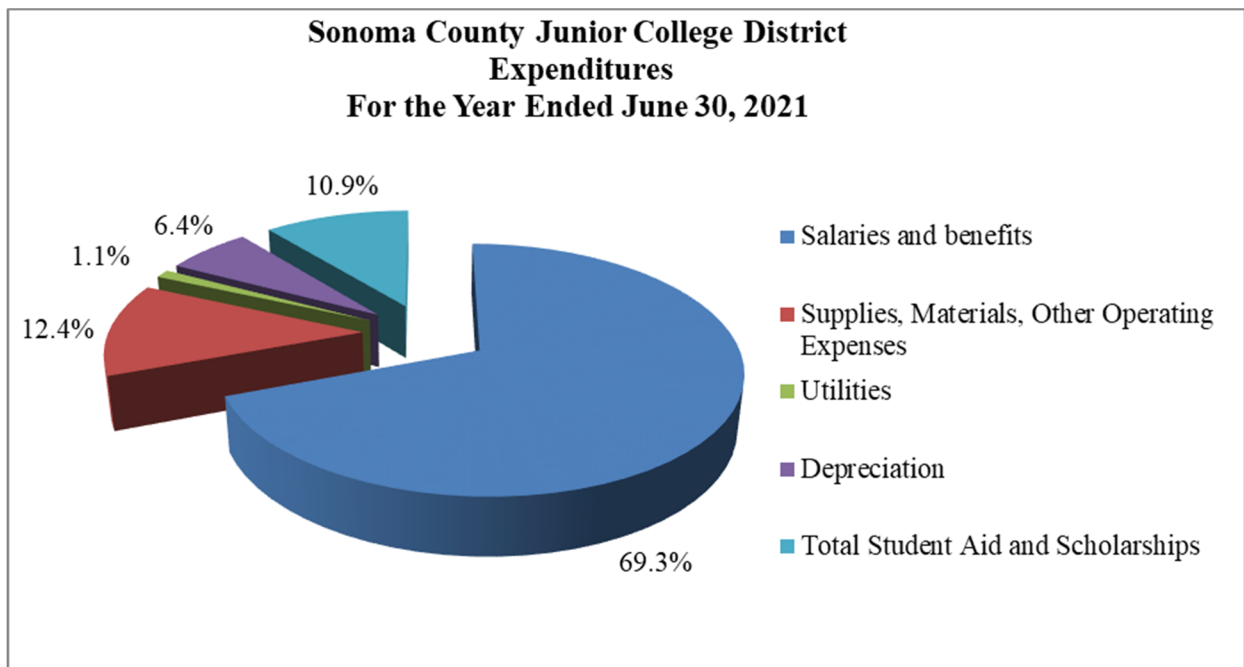


SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2021

Operating Expenses (by natural classification)

	<u>For the Year Ended June 30, 2021</u>
Salaries	\$ 96,096,705
Employee Benefits	52,598,175
Supplies and Materials	10,161,815
Other Operating Expenses and Services	16,395,299
Utilities	2,366,735
Depreciation	13,689,552
Total Student Aid and Scholarships	<u>23,329,122</u>
 Total Operating Expenses	 \$ <u><u>214,637,403</u></u>



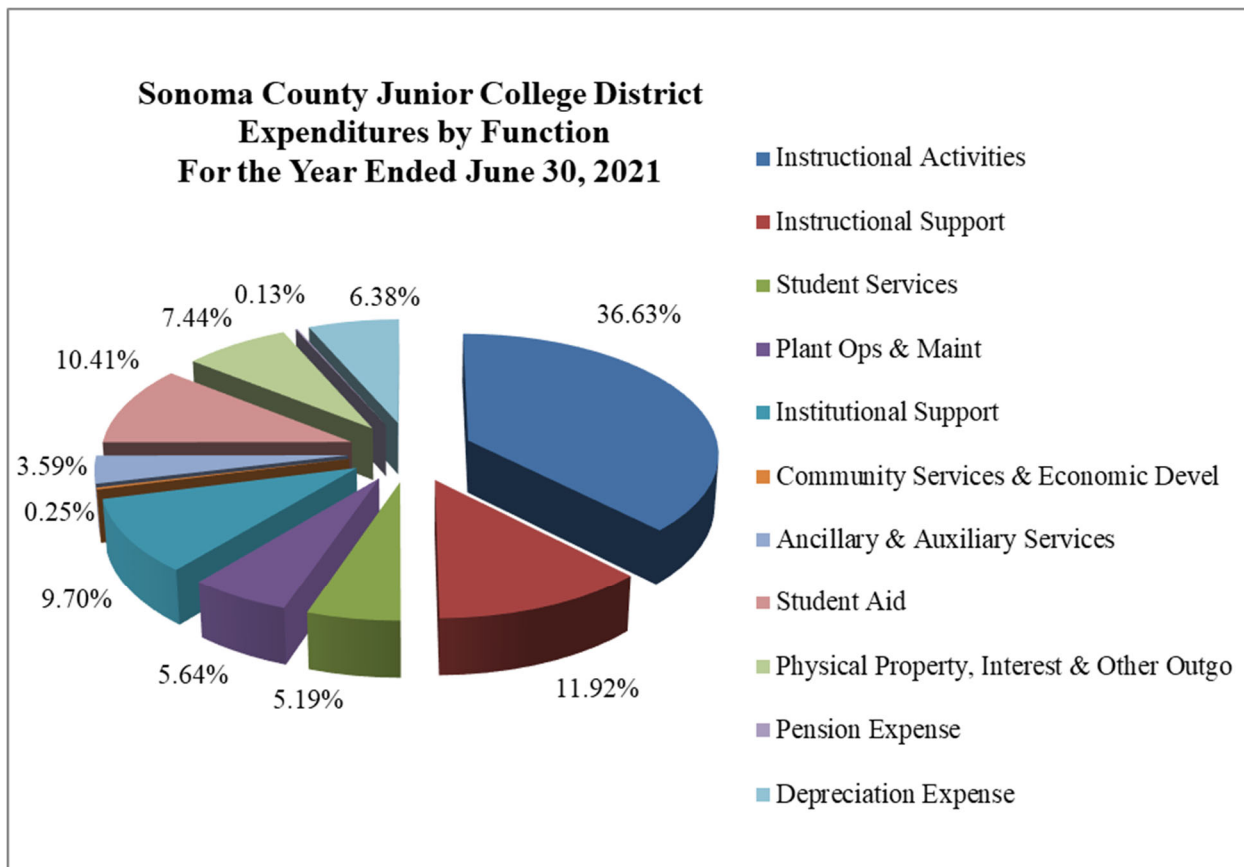
SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2021

Operating Expenses (by function)

For the Year Ended June 30, 2021

Instructional Activities	\$ 78,622,929
Instructional Support	25,585,057
Student Services	11,141,044
Plant Ops & Maint	12,095,427
Institutional Support	20,828,456
Community Services & Economic Devel	533,924
Ancillary & Auxiliary Services	7,712,374
Student Aid	22,351,491
Physical Property, Interest & Other Outgo	15,964,999
Pension Expense	278,166
Depreciation Expense	13,689,552
Bond Costs	<u>5,833,984</u>
Total	<u>\$ 214,637,403</u>



SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2021

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	
	2021	2020
Net Cash provided (Used) By:		
Operating activities	\$ (106,577,455)	\$ (133,580,562)
Non-capital financing activities	109,560,413	108,020,659
Capital and related financing activities	(33,694,181)	156,869,440
Investment activities	(1,416,619)	1,558,399
Net increase (decrease) in cash	(32,127,842)	132,867,936
Cash - Beginning of the fiscal year	240,301,492	107,433,556
Cumulative Effect Change in Accounting Principle	675,665	
Cash - End of the fiscal year	<u>\$ 208,849,315</u>	<u>\$ 240,301,492</u>

- ❖ Net cash used for operating activities decreased by \$27.0 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 \$1.54 million over prior year, mostly due to changes in timing of payments.
- ❖ Capital and related financing activities include cash provided from local property taxes collected for debt service, state apportionment for capital purposes and interest on capital investments. Cash outflows relate to purchases of capital assets (\$46.7 million) and principal and interest payments on capital debt (\$45.98 million). Cash inflows were comprised of proceeds from the Tax Revenue Anticipation Note (\$18.16 million), property taxes (\$39.4 million), and interest in capital investments (\$1.4 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, 2021, there was \$52.0 million outstanding and with the final payments to be made in 2029/30.
- ❖ In 2020/21, the seventh year of the \$410 million Measure H General Obligation Bond program, the District continued its major construction with the Burbank remodel, 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 \$46.7 million in capital assets for the year, of

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2021

which \$44.5 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

- ❖ 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 an extension and will continue to implement its Long Range Plan to Fiscal Stability to ensure it is prepared for the future loss of revenue.
- ❖ The Student Centered Funding Formula went into effect for the California Community College system in 2018/19. The new formula would cause a decrease in funding for the District however, the District is operating under the emergency conditions waiver, and there is also a hold harmless provision in the funding formula, so the loss of revenue won't fully begin to impact the District until 2025/26.
- ❖ As noted earlier, student attendance has been steadily declining. To address this, the District entered a reorganization period of realigning resources and examining all district programs to ensure that they are meeting the core mission of the district. The District has been implementing the multi-year long range plan back to fiscal stability that outlines multi-million dollar reductions over the next few years. The District continues to conduct reviews and realignments to ensure the needs of the students continue to be met as we continue to implement the plan.
- ❖ 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 2021/22, the employer contribution for CalSTRS increased from 8.25% to 16.92%. CalPERS employer contributions have also increased in that same time period from 11.442% to 22.91%. The State of California provided temporary relief as part of its budget package but the District expects to see additional significant contribution increases over the next couple years.
- ❖ COVID-19 created a worldwide pandemic in the spring of 2020. The District transitioned to remote services but has still seen a significant financial impact from the virus and subsequent recession. Enrollment has declined significantly, however the District expects it to rebound when onsite instruction resumes.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2021

	Primary Institution	Foundation
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 35,226,089	\$ 11,368,714
Restricted Cash and Cash Equivalents	158,739,394	
Cash with Trustee	1,543,919	
Deposits Held in Escrow	241,732	
Accounts Receivable	38,740,551	
Pledges Receivable		148,177
Inventory	43,281	
Prepaid Expenses	2,208,631	
Total Current Assets	<u>236,743,597</u>	<u>11,516,891</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	13,098,181	
Restricted Investments		70,944,829
Endowment Fund		1,184,148
Nondepreciable Capital Assets	89,671,106	
Depreciable Capital Assets, Net	365,162,615	
Total Noncurrent Assets	<u>467,931,902</u>	<u>72,128,977</u>
TOTAL ASSETS	<u>704,675,499</u>	<u>83,645,868</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Charge on Refunding	8,520,143	
Deferred Outflows of Resources Related to OPEB	4,814,926	
Deferred Outflows of Resources Related to Pensions	29,642,177	
Total Deferred Outflows of Resources	<u>42,977,246</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>747,652,745</u>	<u>83,645,868</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	23,678,114	90,349
Unearned Revenue	11,536,021	10,000
Interest Payable	5,507,033	
Liabilities Under Charitable Remainder Trusts		7,009
Amounts Held on Behalf of Others	1,238,513	1,239,628
Tax Revenue Anticipation Note Payable	18,160,000	
Long-Term Liabilities Due Within One Year	35,623,456	
Total Current Liabilities	<u>95,743,137</u>	<u>1,346,986</u>
Noncurrent Liabilities:		
Total OPEB Liability	36,789,933	
Net Pension Liability	153,008,746	
Long-term Liabilities	360,051,328	
Total Noncurrent Liabilities	<u>549,850,007</u>	
TOTAL LIABILITIES	<u>645,593,144</u>	<u>1,346,986</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows of Resources Related to Charitable Remainder Trusts		3,367,198
Deferred Inflows of Resources Related to OPEB	4,081,230	
Deferred Inflows of Resources Related to Pensions	9,704,774	
Total Deferred Inflows of Resources	<u>13,786,004</u>	<u>3,367,198</u>
NET POSITION:		
Net Investment in Capital Assets	191,145,047	
Restricted for:		
Capital Projects	9,677,802	
Debt Service	58,239,919	
Other Special Purposes	1,642,928	
Restricted by Donors		75,713,649
Other (nonexpendable)		1,184,148
Unrestricted (Deficit)	<u>(172,432,099)</u>	<u>2,033,887</u>
TOTAL NET POSITION	<u>\$ 88,273,597</u>	<u>\$ 78,931,684</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, 2021

	<u>Primary Institution</u>	<u>Foundation</u>
OPERATING REVENUES:		
Tuition and Fees (gross)	\$ 15,926,296	
Less: Scholarship Discounts and Allowances	(6,103,763)	
Net Tuition and Fees	9,822,533	
Grants, Contracts, and Donations, Noncapital:		
Federal	29,479,750	
State	35,540,972	
Local	6,190,719	
Contributions		\$ 7,142,621
Other		309,486
Auxiliary Enterprise Sales and Charges	1,144,686	
TOTAL OPERATING REVENUES	<u>82,178,660</u>	<u>7,452,107</u>
OPERATING EXPENSES:		
Academic Salaries	59,580,662	
Classified Salaries	36,516,043	
Employee Benefits	52,598,175	
Supplies and Materials	10,161,815	
Other Operating Expenses and Services	16,395,299	568,055
Utilities	2,366,735	
Depreciation	13,689,552	
Student Financial Aid and Scholarships	23,329,122	4,364,163
TOTAL OPERATING EXPENSES	<u>214,637,403</u>	<u>4,932,218</u>
OPERATING GAIN (LOSS)	<u>(132,458,743)</u>	<u>2,519,889</u>
NON-OPERATING REVENUES (EXPENSES):		
State Apportionments, Noncapital	11,272,159	
Education Protection Account	31,372,375	
Local Property Taxes	66,330,855	
State Taxes and Other Revenues	5,210,137	
Investment Income - Noncapital	(1,416,619)	15,209,826
Investment Income - Capital	1,418,537	
Interest Expense on Capital Asset-Related Debt	(11,271,906)	
Other Non-Operating Expenses	(292,649)	(1,082,588)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>102,622,889</u>	<u>14,127,238</u>
GAIN (LOSS) BEFORE CAPITAL REVENUES:	(29,835,854)	16,647,127
State Apportionments, Capital	11,191,133	
Local Property Taxes and Revenues, Capital	39,391,650	
INCREASE IN NET POSITION	<u>20,746,929</u>	<u>16,647,127</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	66,874,937	62,284,557
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	<u>651,731</u>	
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>67,526,668</u>	<u>62,284,557</u>
NET POSITION -- END OF YEAR	<u>\$ 88,273,597</u>	<u>\$ 78,931,684</u>

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2021

	<u>Primary Institution</u>	<u>Foundation</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and Fees	\$ 10,269,440	
Federal Grants and Contracts	24,450,046	
State Grants and Contracts	24,965,436	
Local Grants and Contracts	6,974,122	
Contributions		\$ 7,888,168
Payments to Suppliers	(21,313,536)	
Payments to/on behalf of Employees	(131,429,944)	
Payments to/on behalf of Students	(23,182,671)	(4,364,163)
Auxiliary Enterprise Sales and Charges	1,167,145	
Other Receipts and Payments	1,522,507	(195,575)
Net Cash Provided (Used) by Operating Activities	<u>(106,577,455)</u>	<u>3,328,430</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State Apportionments and Receipts	43,029,195	
Property Taxes	66,330,855	
Student Organization Agency Receipts/Disbursements	200,363	
Interest on Noncapital Investments		637,430
Other Transfers		(1,082,588)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>109,560,413</u>	<u>(445,158)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
State Apportionments for Capital Purposes	(23,100)	
Purchases of Capital Assets	(46,709,150)	
Proceeds from Sales of Capital Assets	48,624	
Proceeds from Tax Revenue Anticipation Notes	18,160,000	
Principal Paid on Capital Debt	(32,150,000)	
Interest Paid on Capital Debt	(13,830,742)	
Interest on Capital Investments	1,418,537	
Local Property Taxes and Other Revenues for Capital Purposes	39,391,650	
Net Cash Used by Capital and Related Financing Activities	<u>(33,694,181)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments		(22,176,954)
Sales and Maturities of Investments		24,069,846
Gain on Pooled Cash and Cash Equivalents	(1,416,619)	
Net Cash Provided (Used) by Investing Activities	<u>(1,416,619)</u>	<u>1,892,892</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(32,127,842)	4,776,164
CASH AND EQUIVALENTS -- BEGINNING OF YEAR	<u>240,977,157</u>	<u>6,592,550</u>
CASH AND EQUIVALENTS -- END OF YEAR	<u>\$ 208,849,315</u>	<u>\$ 11,368,714</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, 2021

	<u>Primary Institution</u>	<u>Foundation</u>
Reconciliation to Balance Sheet:		
Cash and Cash Equivalents	\$ 35,226,089	\$ 11,368,714
Restricted Cash and Cash Equivalents - Current	158,739,394	
Cash with Trustee	1,543,919	
Deposits Held in Escrow	241,732	
Restricted Cash and Cash Equivalents - Noncurrent	<u>13,098,181</u>	
Total Cash and Cash Equivalents	<u>\$ 208,849,315</u>	<u>\$ 11,368,714</u>
RECONCILIATION OF NET OPERATING GAIN (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Gain (Loss)	\$ (132,458,743)	\$ 2,519,889
Donated Investments		(48,650)
Adjustments to Reconcile Operating Gain (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	13,689,552	
Changes in:		
Accounts Receivable	(7,625,655)	1,015,372
Pledges Receivable		3,721
Inventories, Prepaids, and Other Assets	(2,047,485)	
Endowment Fund		(207,896)
Deferred Outflows Related to Pensions	3,956,170	
Deferred Outflows Related to OPEB	(1,565,368)	
Accounts Payable	9,797,772	(5,410)
Unearned Revenue	1,345,260	
Charitable remainder trust assets		(618,851)
Compensated Absences	116,008	
Total OPEB Liability	4,631,415	
Net Pension Liability	1,988,090	
Early Retirement Incentive	(1,563,194)	
Liabilities Under Charitable Remainder Trusts		1,036
Amounts Held on Behalf of Others		51,405
Deferred Inflows Related to Charitable Remainder Trusts		617,814
Deferred Inflows Related to OPEB	2,788,941	
Deferred Inflows Related to Pensions	<u>369,782</u>	
Net Cash Provided (Used) by Operating Activities	<u>\$ (106,577,455)</u>	<u>\$ 3,328,430</u>
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Amortization of Deferred Charge on Refunding	\$ 942,483	
Amortization of Premium on Long-Term Debt	<u>2,993,105</u>	
Net Non-Cash Investing, Capital, and Financing Activities	<u>\$ 3,935,588</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, 2021

	<u>Custodial Fund</u>
ASSETS:	
Cash and Cash Equivalents	<u>\$ 140,627</u>
TOTAL ASSETS	<u>140,627</u>
NET POSITON:	
Amounts Held in Trust for Others	<u>\$ 140,627</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION YEAR ENDED JUNE 30, 2021

	<u>Custodial Fund</u>
ADDITIONS:	
Sales and Commissions	\$ 143,873
Rentals and Leases	23,096
Interest and Investment Income	847
Other Local Revenues	<u>938</u>
TOTAL ADDITIONS	<u>168,754</u>
DEDUCTIONS:	
Supplies and materials	22,034
Other Operating Expenses and Services	<u>151,038</u>
TOTAL DEDUCTIONS	<u>173,072</u>
DECREASE IN FIDUCIARY NET POSITION	(4,318)
NET POSITION, BEGINNING OF YEAR	<u>144,945</u>
NET POSITION -- END OF YEAR	<u><u>\$ 140,627</u></u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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, 2021

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, 2021

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.

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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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

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

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

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

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

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*, amended by Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 84). The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this statement has resulted in changing the presentation of the financial statements by including the previous Associated Students, Student Center Fee, and the Student Representation Fee funds in the District's primary institution financial statements as a result of these funds not meeting the definition of a fiduciary activity under the new standards. GASB 84 requires retroactive application resulting in a restatement of the District's net position of \$651,731.

Future Accounting Pronouncements – In June 2017, the GASB issued Statement No. 87, *Leases*, amended by Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* which extended the required implementation for the District during the year ending June 30, 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management is in the process of evaluating the impact this new 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, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position of the Primary Institution:	
Cash and Cash Equivalents	\$ 35,226,089
Restricted Cash and Cash Equivalents – Current	158,739,394
Restricted Cash and Cash Equivalents – Noncurrent	13,098,181
Deposits Held in Escrow	241,732
Cash with Trustee	1,543,919
Statement of Fiduciary Net Position:	
Cash and Cash Equivalents	<u>140,627</u>
Total Cash and Cash Equivalents	<u>\$ 208,989,942</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

The District's cash and cash equivalents as of June 30, 2021 consist of the following:

Cash and Cash Equivalents in Sonoma County Treasury	\$ 203,672,436
Deposits with Financial Institutions	3,511,305
Cash on Hand	20,550
Deposits Held in Escrow	241,732
Cash Equivalents with Fiscal Agent:	
Cash Held by Trustee	<u>1,543,919</u>
Total Cash and Cash Equivalents	<u>\$ 208,989,942</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, 2021

<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

\$113,597,656 of the District's cash and cash equivalents with the Treasury represents unspent bond proceeds at June 30, 2021, 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, 2021, the weighted average maturity of the investments contained in the District's Treasury's investment pool is approximately 749 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, 2021

Cash on Hand, in Banks, and in Revolving Fund

As of June 30, 2021, the carrying amount of the District's bank balance was \$3,237,573. Of the bank balance, \$250,151 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 \$2,987,422. Of the total bank balance, \$3,132,092 is held by the primary institution and \$105,481 is held by the fiduciary fund.

Restricted Cash and Cash Equivalents

The District's restricted cash and cash equivalents are \$171,837,575 at June 30, 2021. Included in this restricted balance is \$113,597,656 of unspent proceeds and \$58,239,919 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, 2021:

Federal Grants and Contracts	\$ 7,656,684
State Grants and Contracts	7,850,225
Local Grants and Contracts	95,505
State Apportionment – Non-Capital	10,055,254
State Apportionment – Capital	11,184,780
Auxiliaries	5,033
Tuition and Fees	1,533,152
Other	<u>359,918</u>
Totals	<u>\$ 38,740,551</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

5. CAPITAL ASSETS AND DEPRECIATION

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

	Balance July 1, 2020	Additions	Disposals	Balance June 30, 2021
Capital Assets, Not Depreciated:				
Land	\$ 15,419,267			\$ 15,419,267
Construction in Progress	47,024,627	\$ 27,227,212		74,251,839
Total Capital Assets, Not Depreciated	<u>62,443,894</u>	<u>27,227,212</u>		<u>89,671,106</u>
Capital Assets, Depreciated:				
Buildings	447,618,647	10,223,323	\$ (874,002)	456,967,968
Improvement of Sites	39,595,660	7,016,705		46,612,365
Vehicles	4,055,370	347,282	(210,977)	4,191,675
Machinery and Equipment	19,367,143	1,894,628	(359,279)	20,902,492
Total Capital Assets, Depreciated	<u>510,636,820</u>	<u>19,481,938</u>	<u>(1,444,258)</u>	<u>528,674,500</u>
Less Accumulated Depreciation for:				
Buildings	(124,749,455)	(11,221,783)	583,685	(135,387,553)
Improvement of Sites	(12,425,307)	(1,583,283)		(14,008,590)
Vehicles	(2,772,044)	(283,634)	193,250	(2,862,428)
Machinery and Equipment	(10,978,515)	(600,852)	326,053	(11,253,314)
Total Accumulated Depreciation	<u>(150,925,321)</u>	<u>(13,689,552)</u>	<u>1,102,988</u>	<u>(163,511,885)</u>
Total Capital Assets, Depreciated, Net	<u>359,711,499</u>	<u>5,792,386</u>	<u>(341,270)</u>	<u>365,162,615</u>
Capital Assets, Net	<u>\$ 422,155,393</u>	<u>\$</u>	<u>\$ (341,270)</u>	<u>\$ 454,833,721</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, 2021

The 2019 General Obligation Refunding Bonds mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,270,000	\$ 1,915,786	\$ 3,185,786
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
2027-2030	<u>53,575,000</u>	<u>2,897,331</u>	<u>56,472,331</u>
Totals	<u>\$ 79,260,000</u>	<u>\$ 11,816,769</u>	<u>\$ 91,076,769</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, 2021 of \$(575,181) 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>
2022		\$ 936,687	\$ 936,687
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
2027-2030	<u>14,270,000</u>	<u>1,297,106</u>	<u>15,567,106</u>
Subtotal	20,240,000	5,692,393	25,932,393
Plus: Unamortized Premium	<u>2,136,023</u>		<u>2,136,023</u>
Totals	<u>\$ 22,376,023</u>	<u>\$ 5,692,393</u>	<u>\$ 28,068,416</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, 2021

June 30, 2021 of \$9,095,324 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>
2022	\$ 9,640,000	\$ 1,307,250	\$ 10,947,250
2023	10,560,000	822,750	11,382,750
2024	11,580,000	280,000	11,860,000
Subtotals	31,780,000	2,410,000	34,190,000
Plus: unamortized premiums	4,811,430		4,811,430
Totals	<u>\$ 36,591,430</u>	<u>\$ 2,410,000</u>	<u>\$ 39,001,430</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>
2022	\$ 19,635,000	\$ 5,340,744	\$ 24,975,744
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
2027-2031	22,975,000	16,736,720	39,711,720
2032-2036	32,955,000	11,220,870	44,175,870
2037-2041	44,335,000	4,934,006	49,269,006
2042	10,335,000	155,025	10,490,025
Subtotal	159,465,000	54,904,741	214,369,741
Plus: Unamortized Premium	14,055,102		14,055,102
Totals	<u>\$ 173,520,102</u>	<u>\$ 54,904,741</u>	<u>\$ 228,424,843</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, 2021

The General Obligation Bonds, Series A mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 770,000	\$ 3,074,900	\$ 3,844,900
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
2027-2031	10,305,000	13,202,800	23,507,800
2032-2036	16,945,000	10,185,075	27,130,075
2037-2041	26,175,000	5,097,125	31,272,125
2042	<u>6,635,000</u>	<u>165,875</u>	<u>6,800,875</u>
Subtotal	65,460,000	43,621,775	109,081,775
Plus: Unamortized Premium	<u>8,598,918</u>		<u>8,598,918</u>
Totals	<u>\$ 74,058,918</u>	<u>\$ 43,621,775</u>	<u>\$ 117,680,693</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 \$4,698,597 as of June 30, 2021. Annual requirements to amortize the liability outstanding are as follows:

<u>Year Ending June 30,</u>	<u>Payment</u>
2022	\$ 1,599,615
2023	1,549,491
2024	<u>1,549,491</u>
	<u>\$ 4,698,597</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Changes In Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 420,949,578		\$ (35,143,105)	\$ 385,806,473	\$ 31,315,000
Early Retirement Incentive	6,261,789		(1,563,192)	4,698,597	1,599,615
Compensated Absences	<u>5,053,706</u>	<u>\$ 2,817,330</u>	<u>(2,701,322)</u>	<u>5,169,714</u>	<u>2,708,841</u>
Total	<u>\$ 432,265,073</u>	<u>\$ 2,817,330</u>	<u>\$ (39,407,619)</u>	<u>\$ 395,674,784</u>	<u>\$ 35,623,456</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.

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:

<u>JPA</u>	<u>Address</u>
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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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

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

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

	SWACC Property/ Liability June 30, 2020	SAFER Property/ Liability June 30, 2020	PIPS Workers' compensation June 30, 2020	SEWUP Workers' compensation/ Liability June 30, 2020
Total Assets	\$ 39,179,390	\$ 38,625,474	\$ 146,482,024	\$ 52,562,974
Total Liabilities	\$ 24,740,500	\$ 36,969,875	\$ 104,409,659	\$ 49,267,476
Net Position	14,438,890	1,655,599	42,072,365	3,295,498
Total Liabilities and Net Position	\$ 39,179,390	\$ 38,625,474	\$ 146,482,024	\$ 52,562,974
Total Revenues	\$ 46,404,593	\$ 99,122,689	\$ 330,953,357	\$ 22,185,720
Total Expenses	49,810,819	88,729,082	322,790,995	21,437,609
Net Increase (Decrease) in Net Position	\$ (3,406,226)	\$ 10,393,607	\$ 8,162,362	\$ 748,111

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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Construction Commitments

The District has construction commitments of approximately \$97,316,244 at June 30, 2021. General Obligation Bonds and State Capital Outlay Funds have been approved for such construction commitments.

9. RETIREMENT PLANS

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

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

Contributions

Assembly Bill 1469 (AB 1469), signed into law as a part of the State of California's (the State) 2014-15 budget, increases contributions to the CalSTRS Plan from members, employers, and the State over the next seven years, effective July 1, 2014. School employer contributions will increase from 8.25% to a total of 16.92% of covered payroll over the seven-year period. The District's required contribution rate for the year ended June 30, 2021, was 16.15% of annual pay. District contributions to the CalSTRS Plan were \$7,036,589 for the year ended June 30, 2021.

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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 5.811% in 2020-21. The increased contributions end as of fiscal year end June 30, 2046. The State contribution rate for the period ended June 30, 2020, was 10.328% of the District's 2014-15 creditable CalSTRS compensation.

In addition to AB1469, California Senate Bill 90 (SB 90) signed June 27, 2019, appropriated from the State's General Fund \$1,117,000,000 in contributions on-behalf of school employers for the 2019–20 fiscal year to be transferred to the CalSTRS Plan. California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law June 29, 2020 and revised certain provisions of Teachers' Retirement Law enacted by SB 90. Specifically, AB 84 repurposed \$1,600,000,000 originally allocated by SB 90 to the CalSTRS Defined Benefit Program to further supplant employer contributions through fiscal year 2021-22. SB 90 and AB 84 will appropriate contributions for the 2020-21 and 2021-22 fiscal years, such that it will result in school employers having to contribute 2.95 percentage points less than the statutory rate in the 2020-21 fiscal year and 2.18 percentage points less in the 2021-22 fiscal year, as specified.

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, 2019 and rolling forward the total pension liability to the measurement date of June 30, 2020. 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 (7.102) 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, 2021

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, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term * Expected Real Rate of Return
Global 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, 2021

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, 2021, was 20.70% of annual pay. District contributions to the CalPERS Plan were \$7,413,490 for the year ended June 30, 2021.

Actuarial Assumptions

For the measurement period ended June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 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.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

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 crossover test results can be found on CalPERS' website.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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

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

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

Asset Class^(a)	New Strategic Allocation	Real Return Years 1 – 10^(b)	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.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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

As of June 30, 2021, 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	\$ 74,619,930
CalPERS Plan	78,388,816
Total District net pension liability	<u>153,008,746</u>
State's proportionate share of CalSTRS net pension liability associated with the District	<u>38,308,978</u>
Total	<u>\$ 191,317,724</u>

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, 2020, 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, 2020, was 0.077% and 0.2555% for the CalSTRS and CalPERS Plans, respectively, which was a decrease of 0.0040% and 0.0117%, respectively, from its proportion measured as of June 30, 2019 for CalSTRS and CalPERS Plans, respectively.

For the measurement period ended June 30, 2020, the District recognized pension expense of \$26,123,280 and revenue of \$5,359,160 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,019,515	\$ (2,104,410)
Changes in assumptions	7,563,955	
Changes in proportion		(7,533,050)
Change in proportionate share of contributions	204,282	(67,314)
Net differences between projected and actual investment earnings of pension plan investments	3,404,346	
District contributions subsequent to measurement date	<u>14,450,079</u>	
Total	<u>\$ 29,642,177</u>	<u>\$ (9,704,774)</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

The \$14,450,079 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, 2022. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2022	\$ 371,137
2023	2,040,004
2024	3,125,472
2025	1,176,776
2026	(773,288)
Thereafter	(452,777)

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	\$ 112,740,320	\$ 74,619,930	\$ 43,146,180

	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	\$ 112,698,217	\$ 78,388,816	\$ 49,913,734

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, 2021, employees and the District each contributed \$283,607 to the Cash Balance Plan.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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, 2021, employees and the District each contributed \$83,505 to the 403(b) plan.

10. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Plan Description

In addition to the pension benefits described in Note 9, the District provides other postemployment health and welfare benefits (medical, prescription drug, and dental insurance) for eligible retired employees through a single-employer defined benefit OPEB plan (the Plan). The medical benefits are provided through the Self-Insured Schools of California (SISC). Dental benefits are self-insured by the District and administered by outside consultants. As of June 30, 2021, 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 \$1,528,503 at June 30, 2021.

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. The continued payment of the stipend is conditioned upon the retiree providing proof of eligible medical or dental coverage for the 2019-20 school year. Effective, July 1, 2020, 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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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	<u>723</u>
Total	<u>1,160</u>

Total OPEB Liability

The District's total OPEB liability of \$36,789,933 was measured as of June 30, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated July 1, 2020, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount rate ⁽¹⁾	2.45%
Salary increases	3.00%
Inflation rate	2.75%
Health care cost trend rates	4.00% for 2020-2023; 5.20% for 2024-2069, and 4.00% for 2070 and later years; Medicare ages: 4.00% for all years.

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

Pre-retirement mortality rates were based on active employees from CalSTRS Experience Analysis (2015-2018) and CalPERS Experience Study (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, 2020, the discount rate was decreased from 3.13% to 2.45%.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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, 2020 (Measurement date June 30, 2019)	\$ 32,158,518
Changes recognized for the measurement period:	
Service cost	1,192,939
Interest on TOL	1,010,218
Changes in benefit terms	6,481,710
Differences between expected and actual experience	(3,558,886)
Changes in assumptions	1,674,360
Benefit payments	(2,168,926)
Net changes	<u>4,631,415</u>
Balance at June 30, 2021 (Measurement date June 30, 2020)	<u>\$ 36,789,933</u>

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

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

	Discount Rate -1% (1.45%)	Current Discount Rate (2.45%)	Discount Rate +1% (3.45%)
Total OPEB liability	<u>\$ 40,521,985</u>	<u>\$ 36,789,933</u>	<u>\$ 33,584,930</u>

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

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

	Discount Rate -1%²	Health Care Trend Rate¹	Discount Rate +1%³
Total OPEB liability	<u>\$ 32,930,289</u>	<u>\$ 36,789,933</u>	<u>\$ 41,429,535</u>

¹ 4.00 percent for 2020-2023, 5.20 percent for 2024-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.00 percent for all years.

² 3.00 percent for 2020-2023, 4.20 percent for 2024-2069, and 3.00 percent for 2070 and later years; Medicare ages: 3.00 percent for all years.

³ 5.00 percent for 2020-2023, 6.20 percent for 2024-2069, and 5.00 percent for 2070 and later years; Medicare ages: 5.00 percent for all years.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$8,372,626. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 2,517,638	
Differences between expected and actual experience		\$ (3,539,872)
Changes of assumptions	<u>2,297,288</u>	<u>(541,358)</u>
Total	<u>\$ 4,814,926</u>	<u>\$ (4,081,230)</u>

The \$2,517,638 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30</u>	
2022	\$ (312,233)
2023	(312,233)
2024	(312,233)
2025	(312,233)
2026	(390,046)
Thereafter	(144,964)

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 date of this note is December 30, 2021. A summary of the District's TRANS activity for the year ended June 30, 2021 is as follows:

	<u>Outstanding June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2021</u>
2021 0.25% TRANS		\$ 18,160,000		\$ 18,160,000
	<u>\$</u>	<u>\$ 18,160,000</u>	<u>\$</u>	<u>\$ 18,160,000</u>

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, 2021 LAST 10 YEARS*

	Fiscal Year			
	2021	2020	2019	2018
	Measurement date 2020	Measurement date 2019	Measurement date 2018	Measurement date 2017
TOTAL OPEB LIABILITY				
Service cost	\$ 1,192,939	\$ 1,206,930	\$ 1,295,188	\$ 1,010,410
Interest	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	1,674,360	1,280,758	(879,002)	
Benefit payments	<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	4,631,415	1,858,973	(1,283,907)	153,035
TOTAL OPEB LIABILITY, Beginning	<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>\$ 36,789,933</u>	<u>\$ 32,158,518</u>	<u>\$ 30,299,545</u>	<u>\$ 31,583,452</u>
Covered-employee payroll	\$ 68,466,229	\$ 70,431,864	\$ 69,304,708	\$ 66,331,272
District's total OPEB liability as a percentage of covered-employee payroll	53.73%	45.66%	43.72%	47.61%

Notes to Schedule:

There were no changes to benefit terms during the measurement periods ending June 30, 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%, and from 3.13% to 2.45% during the measurement periods ending June 30, 2018, 2019, and 2020, 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 four years are presented.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY YEAR ENDED JUNE 30, 2021 LAST 10 YEARS*

	CalSTRS Plan						
	Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
	Measurement date 2020	Measurement date 2019	Measurement date 2018	Measurement date 2017	Measurement date 2016	Measurement date 2015	Measurement date 2014
District's proportion of the net pension liability	0.077%	0.081%	0.082%	0.080%	0.083%	0.089%	0.086%
District's proportionate share of the net pension liability	\$ 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>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>\$ 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	\$ 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	176%	166%	174%	180%	171%	158%	143%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%

Notes to Schedule:

Change of benefit terms – For the measurement date ended June 30, 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, 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 seven years are shown.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY YEAR ENDED JUNE 30, 2021 LAST 10 YEARS*

	CalPERS Plan						
	Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
	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	0.2555%	0.2672%	0.2691%	0.2797%	0.2791%	0.2757%	0.2714%
District's proportionate share of the net pension liability	\$ 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	\$ 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	208%	205%	195%	187%	165%	131%	103%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%

Notes to Schedule:

Change of benefit terms – For the measurement date ended June 30, 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, 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 seven years are shown.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS

YEAR ENDED JUNE 30, 2021

LAST 10 YEARS*

	CalSTRS Plan						
	Fiscal Year						
	<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)	\$ 7,036,589	\$ 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>(7,036,589)</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>
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
Contributions as a percentage of covered-employee payroll	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 seven years are shown.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS

YEAR ENDED JUNE 30, 2021

LAST 10 YEARS*

	CalPERS Plan						
	Fiscal Year						
	<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)	\$ 7,413,490	\$ 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>(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>
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
Contributions as a percentage of covered-employee payroll	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, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Identifying Number	Award Amount	Program Expenditures
U.S. Department of Education:				
Student Financial Assistance Programs Cluster:				
Pell Grant Program	84.063	N/A	\$ 10,659,745	\$ 10,659,745
Supplemental Educational Opportunity Grant Program	84.007	N/A	370,286	370,286
Federal Work-Study Program	84.033	N/A	136,783	136,783
Direct Student Loan Program	84.268	N/A	526,353	526,353
Subtotal Student Financial Assistance Programs Cluster			<u>11,693,167</u>	<u>11,693,167</u>
Child Care Access Means Parents in School (CCAMPIS)	84.335	N/A	<u>13,013</u>	<u>13,013</u>
Education Stabilization Funds:				
COVID-19 Higher Education Emergency Relief Fund (HEERF) - Student Portion	84.425E	N/A	3,556,251	3,556,251
COVID-19 Higher Education Emergency Relief Fund (HEERF) - Institutional Portion	84.425F	N/A	9,593,058	9,593,058
COVID-19 Higher Education Emergency Relief Fund (HEERF) Minority Serving Institute	84.425L	N/A	1,165,662	1,165,662
Subtotal Education Stabilization Fund			<u>14,314,971</u>	<u>14,314,971</u>
Passed Through Humboldt State University:				
HSI STEM	84.031C	N/A	8,040	8,040
Hispanic Serving Institute - Lanzamiento	84.031	N/A	232,119	232,119
Subtotal CFDA 84.031			<u>240,159</u>	<u>240,159</u>
TRIO Student Support Services Cluster	84.042A	N/A	<u>25,270</u>	<u>25,270</u>
Passed Through California Community Colleges Chancellor's Office (CCCCO):				
Title II-C	84.048	04-C01-061	<u>691,537</u>	<u>691,537</u>
Passed Through California Department of Education:				
Adult Education (English As a Second Language)	84.002A	14508	<u>315,323</u>	<u>315,323</u>
Passed Through Office of Migrant Education:				
High School Equivalency Program	84.141A	N/A	<u>462,152</u>	<u>462,152</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>28,045,592</u>	<u>28,045,592</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued) YEAR ENDED JUNE 30, 2021

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 CCCCCO:				
Temporary Assistance to Needy Families (TANF)	93.558	N/A	73,125	73,125
Passed Through County of Sonoma:				
Temporary Assistance to Needy Families (SonomaWorks)	93.558	17-0405-1SW	200,000	200,000
Subtotal 477 Cluster			<u>273,125</u>	<u>273,125</u>
Medical Administrative Activities - Medicaid Cluster	93.778	04-35070	<u>47,833</u>	<u>47,833</u>
Total U.S. Department of Health and Human Services			<u>320,958</u>	<u>320,958</u>
U.S. Department of Treasury				
Passed Through CCCCCO:				
COVID-19 Coronavirus Relief Fund	21.019	N/A	<u>950,688</u>	<u>950,688</u>
Total U.S. Department of Treasury			<u>950,688</u>	<u>950,688</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>144,122</u>	<u>144,122</u>
Total U.S. Department of Commerce			<u>144,122</u>	<u>144,122</u>
U.S. National Science Foundation:				
Passed Through City College of San Francisco:				
STEM Miles	47.076	DUE-1742635	<u>82,522</u>	<u>82,522</u>
Total U.S. National Science Foundation			<u>82,522</u>	<u>82,522</u>
U.S. Department of Agriculture:				
Passed Through CSU Chico:				
Cal Fresh Outlet - SNAP Cluster	10.561	N/A	<u>80,071</u>	<u>80,071</u>
Total U.S. Department of Agriculture			<u>80,071</u>	<u>80,071</u>
U.S. Corporation of National and Community Service:				
National Service Trust Grant	94.006	N/A	<u>28,085</u>	<u>28,085</u>
Total U.S. Corporation of National and Community Service			<u>28,085</u>	<u>28,085</u>
Total Expenditures of Federal Awards			<u><u>\$ 29,652,038</u></u>	<u><u>\$ 29,652,038</u></u>
See the accompanying notes to supplemental information.				52

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 2021

Program Title	Entitlements	Program Revenues				Program Expenditures
	Current Year	Unearned Revenue and Cash Received	Accounts Receivable	Unearned/ Payables	Total	
21st Century Alternative Fuel		\$ 1,065		\$ 1,065		
ADN 19/20 CO		74,181			\$ 74,181	\$ 74,181
Adult Ed AB 86		826,857			826,857	826,857
AEBG 20/21	\$ 1,004,730	1,004,730		921,140	83,590	83,590
Apprenticeship	270,017	386,400		113,068	273,332	273,332
Block Grant 00/01		709,224		671,833	37,391	37,391
Cal Grants	1,543,804	1,582,255		38,451	1,543,804	1,543,804
CalFresh SB 85	38,350	38,350		38,350		
California College Promise	1,228,218	1,765,027		441,419	1,323,608	1,323,608
CalWorks	432,275	432,275		66,611	365,664	365,664
Campus Safety Sexual Assault		23,323		9,729	13,594	13,594
Career Education (CE) Online	329,237	286,168	\$ 12,184		298,352	298,352
Child Development	919,470	458,347	461,123		919,470	919,470
Child Development Consortium	6,250	61		61		
Classified Professional Development	81,258	81,258		81,258		
Cooperative Agency Resource Education	101,650	101,650		3,728	97,922	97,922
COVID-19 Block	1,161,062	1,166,981		537,626	629,355	629,355
CTE Food/Beverage		495		495		
CTE Outcomes Survey	1,938,362		199,762		199,762	199,762
CTE Strong Workforce Local 17/18		48,371			48,371	48,371
CTE SWP 20/21 Local	2,161,504	2,161,504		650,979	1,510,525	1,510,525
CTE SWP 20/21 Regional	1,188,827		159,855		159,855	159,855
CTE SWP Local 18-19	283,765	214,851			214,851	214,851
CTE SWP Local 19-20	2,756	924,508		201,091	723,417	723,417
CTE SWP Regional 18-19	803,819		803,819		803,819	803,819
CTE SWP Regional 19-20	967,971	659,041		276,623	382,418	382,418
CTEOS 2020	1,332,116	1,021,232	29,619	1,661	1,049,190	1,049,190
Deputy Sect Navigator Project 19/20	204,943	204,943			204,943	204,943
Disabled Student Program & Services	2,734,040	2,807,666		163,160	2,644,506	2,644,506
Dreamers		846		846		
Education Planning Initiative		40		40		
Emergency Relief Funds	1,475,129	1,475,129		1,027,958	447,171	447,171
Enrollment Growth	263,097	263,097		16,156	246,941	246,941
EWD	750,000	600,000		87,821	512,179	512,179
Extended Opportunity Program and Services	954,287	954,292		3,701	950,591	950,591
Faculty and Staff Diversity	50,000	117,696		83,828	33,868	33,868
Financial Aid Administration	635,421	685,163		67,667	617,496	617,496
Financial Aid Technology	59,712	128,413		19,978	108,435	108,435
Foster Parent Training Program	125,339	70,737	54,602		125,339	125,339
Full Time Student Success Grants	1,246,651	1,397,261		224,579	1,172,682	1,172,682
Guided Pathways	1,025,026	1,028,476		958,560	69,916	69,916
Health Workforce Initiative		13			13	13
Healthy Soils	99,418		14,592		14,592	14,592
Hunger Free Campus (18/19)		70,646		35,016	35,630	35,630
IEPI / Partnership Resource Team	200,000	200,000		193,397	6,603	6,603
Incarcerated Reentry Prg	92,948	81,584		54,708	26,876	26,876
Innovation Grant		704,431		367,219	337,212	337,212
Instruction Equipment 19/20		42,532			42,532	42,532
Instructional Equip 07/08		47,193		47,193		
Mental Health Services CCCCCO	24,821	24,821		14,892	9,929	9,929
MESA	74,515		32,504		32,504	32,504
Mesa Carryover			19,941		19,941	19,941

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 2021

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	141,640	80,261	51,505		131,766	131,766
MHSA-PEI	200,000	134,206	61,609		195,815	195,815
Microgrid Demo Project	4,582,076		2,512,179		2,512,179	2,512,179
NextUp	724,105	724,109		107	724,002	724,002
NextUpCarryover		10,437			10,437	10,437
Program for Infant/Toddler Caregivers						
Prop 39 CEA	0	23,101			23,101	23,101
Puente	2,500	3,027		902	2,125	2,125
Retention and Enrollment	457,428	457,428		451,928	5,500	5,500
RJV Cannabis Initiative	480,000		997		997	997
Scheduled Maintenance 16/17		4,266		3,515	751	751
Scheduled Maintenance 19/20		62,266		56,665	5,601	5,601
SEA Year 1	5,880,014	527,550	3,434,178		3,961,728	3,961,728
SEA Year 2	1,503,619	1,503,619			1,503,619	1,503,619
Textbook Affordability Program		24,356		24,356		
Undocumented Resources Liaison	76,342	76,342		76,342		
Veterans Resource Center	100,839	191,372		128,668	62,704	62,704
VRC one-time	52,373	52,373		52,373		
YESS-ILP	22,500	20,744	1,756		22,500	22,500
Total	<u>\$ 40,034,224</u>	<u>\$ 28,776,538</u>	<u>\$ 7,850,225</u>	<u>\$ 8,224,711</u>	<u>\$ 28,402,052</u>	<u>\$ 28,402,052</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE YEAR ENDED JUNE 30, 2021

STATE GENERAL APPORTIONMENT	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
<u>Categories</u>			
A. Summer Intersession (Summer 2020 Only)			
1. Noncredit	502.29		502.29
2. Credit	1,148.09		1,148.09
B. Summer Intersession (Summer 2021, Prior to July 1, 2021)			
1. Noncredit	1.22		1.22
2. Credit	78.64		78.64
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses:			
(a) Weekly Census Contact Hours	3,319.79		3,319.79
(b) Daily Census Contact Hours	337.77		337.77
2. Actual Hours of Attendance Courses:			
(a) Noncredit	2,105.18		2,105.18
(b) Credit	747.43		747.43
3. Alternative Attendance Accounting Procedure Courses:			
(a) Weekly Census Procedure Courses	3,732.54		3,732.54
(b) Daily Census Procedure Courses	1,630.96		1,630.96
(c) Noncredit Independent Study	0.00		0.00
D. Total Full-Time Equivalent Students	<u>13,603.91</u>		<u>13,603.91</u>
<u>Supplemental Information</u>			
E. In-service Training Courses (FTES)	307.67		307.67
F. Basic Skills Courses and Immigrant Education (FTES)			
(a) Noncredit	283.51		283.51
(b) Credit	100.10		100.10
<u>CCFS 320 Addendum</u>			
CDCP Noncredit FTES	367.98		367.98
Centers FTES			
(a) Noncredit	68.98		68.98
(b) Credit	2,105.85		2,105.85

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION YEAR ENDED JUNE 30, 2021

		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	\$ 21,428,971		\$ 21,428,971	\$ 21,428,971		\$ 21,428,971
Other	1300	20,782,001		20,782,001	20,782,001		20,782,001
Total Instructional Salaries		42,210,972		42,210,972	42,210,972		42,210,972
Non-Instructional Salaries:							
Contract or Regular	1200				9,923,464		9,923,464
Other	1400				1,299,660		1,299,660
Total Non-Instructional Salaries					11,223,124		11,223,124
Total Academic Salaries		42,210,972		42,210,972	53,434,096		53,434,096
CLASSIFIED SALARIES							
Non-Instructional Salaries:							
Regular Status	2100				19,833,189		19,833,189
Other	2300				1,608,981		1,608,981
Total Non-Instructional Salaries					21,442,170		21,442,170
Instructional Aides:							
Regular Status	2200	2,654,768		2,654,768	2,654,767		2,654,767
Other	2400	232,696		232,696	232,696		232,696
Total Instructional Aides		2,887,464		2,887,464	2,887,463		2,887,463
Total Classified Salaries		2,887,464		2,887,464	24,329,633		24,329,633
Employee Benefits	3000	13,699,474		13,699,474	28,799,608		28,799,608
Supplies and Materials	4000				1,060,483		1,060,483
Other Operating Expenses	5000	1,427,478		1,427,478	8,957,225		8,957,225
Equipment Replacement	6420						
TOTAL EXPENDITURES PRIOR TO EXCLUSIONS		60,225,388		60,225,388	116,581,045		116,581,045

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION YEAR ENDED JUNE 30, 2021

		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						
Student Health Services Above Amount Collected	6441				1,770		1,770
Student Transportation	6491				42,277		42,277
Noninstructional Staff-Retirees' Benefits and Retirement Incentives	6740						
Objects to Exclude:							
Rents and Leases	5060				221,477		221,477
Lottery Expenditures:							
Academic Salaries	1000				583,928		583,928
Classified Salaries	2000				1,552,088		1,552,088
Employee Benefits	3000				1,106,801		1,106,801
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					3,508,341		3,508,341
Total for ECS 84362, 50% Law		\$ 60,225,388	\$	\$ 60,225,388	\$ 113,072,704	\$	\$ 113,072,704
Percent of CEE (Instructional Salary Cost / Total CEE)		53.26%		53.26%	100%		100%
50% of Current Expense of Education					\$ 56,536,352		\$ 56,536,352

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, 2021

Education Protection Act (EPA) Expenditure Report

Activity Classification	Activity Code				Unrestricted
EPA Proceeds:	8630				\$ 31,372,375
Activity Classification	Activity Code	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
Instructional Activities	0100-5900	\$ 31,372,375			31,372,375
Total Expenditures for EPA*		<u>\$ 31,372,375</u>	<u>\$</u>	<u>\$</u>	<u>31,372,375</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, 2021

Fund Balance:

General Fund	\$ 16,496,826
Farm Operation Fund	1,010,593
Revenue Bond Project Fund	229,649
Other Special Revenue Fund	867,594
Capital Outlay Projects Fund	9,677,802
General Obligation Bond Fund	103,305,628
Self-Insurance Fund	406,947
Other Internal Service Fund	1,528,503
Associated Students Fund	429,288
Student Financial Aid and Trust Fund	191,241
Scholarship and Loan Trust Fund	<u>338,047</u>

Total Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)	134,482,118
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Net audit adjustments:

No adjustments were made to the District's Funds	
Total Fund Balance	<u>134,482,118</u>

Reconciliation to Net Position:

Restricted Cash and Deposits Held in Escrow	58,178,798
Total OPEB Liability	(36,789,933)
Interest Payable	(5,507,033)
Capital Assets, Net	454,833,721
Removed Fiduciary Fund Balances	(140,627)
Early Retirement Incentive	(4,698,597)
Deferred Charge on Refunding	8,520,143
Deferred Outflows of Resources Related to Pensions	29,642,177
Deferred Outflows of Resources Related to OPEB	4,814,926
Deferred Inflows of Resources Related to OPEB	(4,081,230)
Deferred Inflows of Resources Related to Pensions	(9,704,774)
Long Term Compensated Absences	(2,460,873)
Net Pension Liability	(153,008,746)
Bonds Payable	<u>(385,806,473)</u>

Total Net Position	<u>\$ 88,273,597</u>
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SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

AUDITOR COMMENTS

No adjustments were made to the District's Fund Financial Statements.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2021

1. PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The audit of the District for the year ended June 30, 2021, 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, 2021.

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, 2021

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.

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

This schedule reports any audit adjustments made to the fund balances of all funds as reported on the Annual Financial and Budget Report (Form CCFS-311).

OTHER INDEPENDENT AUDITOR'S REPORTS

**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***

Independent Auditor's Report

**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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2021.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert CPAs

**GILBERT CPAs
Sacramento, California**

December 3, 2021

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the Sonoma County Junior College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Audit Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Gilbert CPAs

**GILBERT CPAs
Sacramento, California**

December 3, 2021

REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS IN ACCORDANCE WITH THE CONTRACTED DISTRICT AUDIT MANUAL

Independent Auditor's Report

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

Report on Compliance with Applicable Requirements

We have audited the Sonoma County Junior College District's (the District) compliance with the types of compliance requirements described 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, 2021.

Management's Responsibilities

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Section 400, State Compliance Requirements, of the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards and the *Contracted District Audit Manual* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination on the District's compliance with those requirements.

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

**Members of the Board of Trustees
Sonoma County Junior College District
Page 2**

- 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 and Non-CCAP)
- Scheduled Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Disabled Student Programs and Services (DSPS)
- To Be Arranged Hours (TBA)
- Proposition 1D and 51 State Bond Funded Projects
- Education Protection Account Funds
- COVID-19 Response Block Grant Expenditures

Opinion on State Compliance

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above for the fiscal year ended June 30, 2021.

Gilbert CPAs

**GILBERT CPAs
Sacramento, California**

December 3, 2021

FINDINGS AND RECOMMENDATIONS SECTION

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2021

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

<u>CFDA Numbers</u>	<u>Name of Federal Programs or Cluster</u>
84.425E, 84.425F, 84.425L	COVID-19 Higher Education Emergency Relief Fund (HEERF)
21.019	COVID-19 Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$889,561

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, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported.

SECTION III – STATE COMPLIANCE

There were no federal compliance findings reported.

SECTION IV - FEDERAL COMPLIANCE

There were no federal compliance findings reported.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS YEAR ENDED JUNE 30, 2021

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

<u>Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
2020-001: APPRENTICESHIP RELATED AND SUPPLEMENTAL INSTRUCTION (RSI) FUNDS	Implemented	
Condition: Documentation reviewed to support hours claimed for 4 of 25 tested courses did not accurately support hours claimed due to manual errors in the program sponsors invoicing process. A review of 100% of apprenticeship courses for which RSI was claimed found that 19 of 71 courses had errors in reported hours which resulted in net understatement of total apprenticeship hours reported through the 2019-2020 3 rd Period Apprenticeship Attendance Report (321) of 128 hours.	No items of noncompliance noted in the 2021 audit.	
Recommendation: We recommend the District perform internal reviews of supporting documentation for hours invoiced and reported from apprenticeship program sponsors to ensure hours reported on Apprenticeship Attendance Reports are accurate and sufficiently supported.		